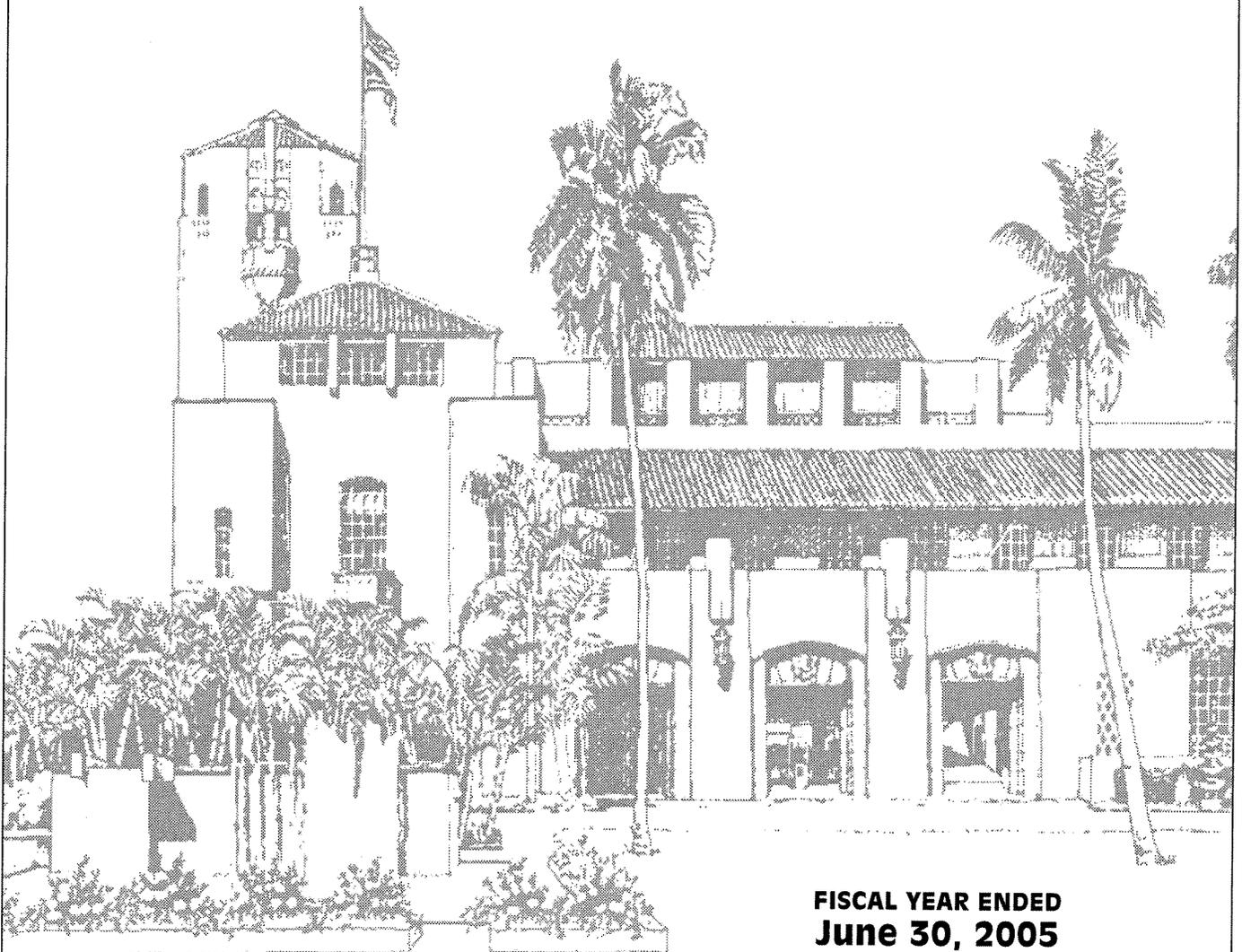
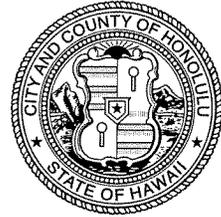


**CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII**

Comprehensive Annual Financial Report



**FISCAL YEAR ENDED
June 30, 2005**

EXECUTIVE BRANCH



Mufi Hannemann
Mayor

CITY AND COUNTY OF HONOLULU
Honolulu, Hawaii
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2005

Prepared by:
DEPARTMENT OF BUDGET AND FISCAL SERVICES
MARY PATRICIA WATERHOUSE
DIRECTOR

**CITY AND COUNTY OF HONOLULU
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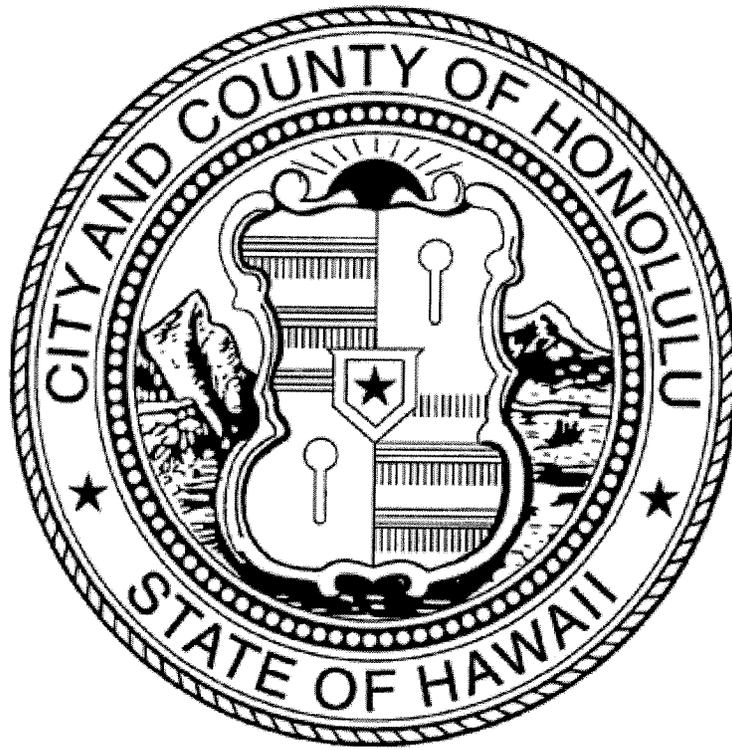
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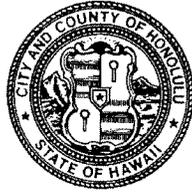
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INTRODUCTORY SECTION

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 523-4616 • FAX: (808) 523-4771 • INTERNET: www.honolulu.gov

MUFI HANNEMANN
MAYOR



MARY PATRICIA WATERHOUSE
DIRECTOR

PATRICK T. KUBOTA
DEPUTY DIRECTOR

December 9, 2005

The Honorable Mufi Hannemann, Mayor
The Honorable Donovan Dela Cruz, Chair
and Members of the City Council
City and County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

Dear Mayor Hannemann, Chair Dela Cruz, and Councilmembers:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City and County of Honolulu (City) for the fiscal year ended June 30, 2005. This report was prepared by the Department of Budget and Fiscal Services, which is responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by City management during the year, covering all funds of the City, its component units, and its financial statements. The CAFR is organized into three sections:

- The Introductory Section is intended to familiarize the reader with the organizational structure of the City, the nature and scope of the services it provides, and the specifics of its legal operating environment. This section is composed of this transmittal letter, the City government's organization chart, and a list of elected officials.
- The Financial Section includes the audited basic financial statements, disclosure notes, required supplementary information, supporting statements, and schedules necessary to fairly present the financial position and the results of operations of the City in conformity with generally accepted accounting principles, the independent auditor's report on the basic financial statements, and City management's discussion and analysis (MD&A).

- The Statistical Section contains comprehensive statistical data on the City's financial, physical, economic, social, and political characteristics.

REPORTING ENTITY

This report presents the financial status of the City (the primary government) and its discretely presented component unit, the Board of Water Supply (BWS). In other words, the financial information for the BWS is reported in a separate column in the government-wide financial statements to emphasize its legal separation from the primary government and to differentiate its financial position and results of operations from those of the primary government.

The City provides the full range of municipal services required by the Constitution of the State of Hawaii, the Hawaii Revised Statutes, the Revised Charter of the City and County of Honolulu, and the Revised Ordinances of Honolulu. The services include police and fire protection; emergency medical care services; culture and recreation; planning, zoning, and permitting; sewage and solid waste collection and disposal; public mass transportation; human services; traffic safety and control; and construction and maintenance of public streets, roads, bridges, walkways, and drainage and flood control systems for Oahu.

ECONOMIC CONDITION AND OUTLOOK

The City and County of Honolulu has a diverse and stable underlying economy with major sectors experiencing positive growth during fiscal year 2005. The local economy is likely to experience growth in the forthcoming year, but perhaps at a slower rate than in the past year.

- The visitor industry is a major segment of the City's economy, encompassing an array of businesses such as hotels, restaurants, airlines, travel agencies, taxis, tour-bus operators, gift shops, and other service and recreational industries. Visitor arrivals are near peak levels, and hotel occupancy is at a five-year high. Hotel occupancy increased 2.9% to 92.7%, average daily room rates rose 12.1% to \$143.73, and room revenue per available room improved 15.8% to \$133.24 for July 2005 in comparison to the same month the year earlier. Comparisons of statistics for the year-to-date period through July 2005 and 2004 are likewise positive: hotel occupancy, room rates, and room revenue rose 5.5%, 10.4%, and 17.9%, respectively. International arrivals and length of stay advanced 8.1% and 1.4%, respectively, for the eight months ended August 31, 2005, in comparison to the same period the year earlier. Similarly, domestic visitor arrivals and length of stay grew 7.5% and 0.7%, respectively, during the first eight months of the year.
- Retailing receipts on Oahu rose 10.0% to \$18.3 billion for fiscal year 2005 compared to the last fiscal year, and 12.2% to \$1.2 billion for July 2005 in contrast to the same month the year earlier.
- Construction contracting receipts climbed 23.9% from the last fiscal year to \$4.2 billion for fiscal year 2005. Similarly for July, contracting receipts rose 22.2% from \$262.2 million last year to \$320.5 million this year. Although construction commitments and authorizations decreased for the fiscal year ended June 30, 2005, as well as for the first nine months of 2005, construction activity is still strong. Specifically, 22,980 permits

with an estimated value of \$2.2 billion were issued for the 2005 fiscal year, representing a 4.9% decrease in number and a 2.7% increase in value compared to the prior fiscal year. The number of building permits amounted to a total of 13,183 permits issued at a value of \$1.2 billion for the ten months ended October 31, 2005, representing a decrease of 1.0% in number and a 0.9% improvement in value as compared to the same period last year.

- Honolulu's tax base is the most diverse in the State of Hawaii, with low concentration and strong property tax growth. Residential resales hit an all-time high of \$5.0 billion for the first ten months of 2005 in comparison to \$4.8 billion for the entire year of 2004. Sales volume on a year-to-date basis through October grew 4.1% representing 6,831 condominiums and 0.7% for 3,936 single-family homes. The year-to-date median resale price for condominiums reached \$260,000 in contrast to \$205,000 during the same period last year, representing an increase of 26.8%. Likewise, the year-to-date median resale price for single-family homes jumped 28.7% to \$582,800 compared to \$453,000 for the same period the prior fiscal year.
- Military presence and investment add stability to Oahu's economic base. The large military establishment maintained in Hawaii is almost entirely on Oahu. Expansive military housing privatization projects will provide strong economic stimuli for five to ten years. The Army project involves 8,100 housing units and 11 community centers at an estimated total cost in excess of \$2.3 billion. In addition, the Navy project consists of 2,400 housing units with phase one budget at nearly \$300.0 million. As the military continues to invest in Hawaii, the federal fiscal year 2006 Department of Defense Appropriations Bill included approximately \$484.0 million for defense-related initiatives in Hawaii with about 49 projects having direct impact on Oahu.
- State House Bill 1309/Act 247 was adopted in 2005, allowing the counties to add a surcharge of up to half a percentage point to the general excise tax to fund public transportation systems. The City enacted Ordinance 05-027 establishing the surcharge and the use of those funds. The tax can be levied beginning January 1, 2007, and will expire 15 years later. It is estimated that the surcharge will generate as much as \$150.0 million in revenue each year.
- Oahu's employment levels are stable, and the unemployment rate is consistently the lowest in the state and lower than the U.S. as a whole. Personal income remains above the national average and has increased nearly 30.0% since 1993. Honolulu has the highest personal income in the state.

Honolulu's role as the state's center for business, commerce, health care, government, and the military provides economic stability. The anticipated transit development should benefit the economy by stimulating further housing and business expansion in west Oahu.

Sources:

City and County of Honolulu, Department of Planning and Permitting, "Monthly Bulletin – Building Permits," <http://www.honoluluodpp.org/calendar>.

Honolulu Board of Realtors, <http://www.hicentral.com/stat-pr.asp>.

Honolulu Star-Bulletin.

State of Hawaii, Department of Business, Economic Development & Tourism, <http://www3.hawaii.gov/dbedt>.

State of Hawaii, Department of Taxation, http://www.hawaii.gov/tax/a5_3txcolrptarchive.htm.

The Honolulu Advertiser.

University of Hawaii Economic Research Organization, <http://www.uhero.hawaii.edu>.

MAJOR INITIATIVES

The City's capital improvement budget for fiscal year 2005 amounted to \$303.4 million, an increase of 9.6% compared to the previous year. The increase was primarily due to a dramatic emphasis on upgrading infrastructure such as wastewater collection and treatment systems, while also repairing streets, funding public safety projects and maintaining City facilities.

General Government

The capital improvement budget of \$27.2 million for the general government function reflected a slight decrease in comparison to the prior year. The following were the major general government projects: Procurement of Major Equipment (\$8.2 million), Energy Conservation Improvements and Solar Energy Initiatives (\$7.9 million), and Public Building Facilities Improvements (\$2.3 million).

Sanitation

In the capital improvement budget, \$124.2 million was provided for solid waste and wastewater projects, representing an increase of 69.2% over the prior year. The following were the major sanitation projects for fiscal year 2005: Sand Island Wastewater Treatment Plant Expansion/ Primary Treatment (\$47.3 million), Wastewater Treatment Plant and Pump Station Projects (\$11.5 million), Honouliuli Wastewater Treatment Plant Solids Handling System (\$11.0 million), Sand Island Wastewater Treatment Plant, Unit 1, Phase 2A - Headworks (\$8.7 million), Project Management for Wastewater Projects (\$5.2 million), Sand Island Wastewater Treatment Plant Disinfection Facility and Effluent Pump Station (\$4.5 million), Sand Island Wastewater Treatment Plant Construction Soil Management (\$4.5 million) and Wastewater Equipment (\$4.0 million).

Public Safety

In contrast to \$23.4 million for the previous year, public safety appropriations in the capital improvement budget rose slightly to \$27.4 million for fiscal year 2005. The major public safety projects include McCully Fire Station Replacement (\$3.9 million), Honolulu Police Department Equipment Acquisition (\$2.7 million), and Rockfall Potential and Other Earth Stability Hazard Inspections and Mitigative Improvements (\$2.4 million).

Highways and Streets

\$56.9 million was designated in the capital improvement budget for highways and streets in fiscal year 2005, compared to \$66.7 million for the last fiscal year. Major highways and streets projects included Street and Parking Lot Improvements (\$40.0 million), Sidewalk Improvements (\$3.8 million), and Curb Ramps at Various Locations (\$3.6 million).

Human Services

The City designated \$29.3 million in the capital improvement budget for human services, 22.4% more than the previous year. The major human services projects included Hawaii Housing Development Corporation - Tusitala Vista (\$2.9 million), ORI, Anuenue Hale, Inc. (\$2.5 million), and Hui Kauhale, Inc. (\$2.0 million).

Culture-Recreation

For participant, spectator, and other recreation projects, \$20.6 million was appropriated in the capital improvement budget, 50.3% less than the year earlier. Major projects include Recreation District Improvements (\$2.3 million), Reconstruct Wastewater Systems for Parks (\$1.7 million), Reconstruct/Refurbish Play Courts, Play Apparatus/Areas and Paved Surfaces (\$1.2 million), Maunalani Community Park (\$1.1 million), and Oahu Parks and Playground Improvements (\$1.0 million).

Transportation

The capital improvement budget appropriations amounted to \$17.8 million for mass transit, a 14.2% drop compared to the previous year. Major public transit projects include the Middle Street Intermodal Center (\$6.7 million), Bus and Handi-Van Acquisition Program (\$6.4 million), Wahiawa Transit Center (\$2.0 million), and Dillingham Boulevard Transit Improvements (\$1.3 million).

FOR THE FUTURE

Sewer fees were raised 25.0% effective July 1, 2005, with 10.0% increases in each of the following 5 years to maintain and improve the sewer infrastructure. In addition, effective January 1, 2006, motor vehicle weight taxes will increase one cent per pound; this additional tax will go toward the war on potholes.

The executive operating budget for fiscal year 2006 amounts to \$1.36 billion net of interfund transfers, representing an increase of 10.1% in comparison to the prior year. The increase is primarily due to higher fixed costs, such as debt service (increased by \$41.7 million), salaries and wages (increased by \$36.8 million to cover higher wage costs and pay raises awarded through collective bargaining), employee retirement system contributions (increased by \$17.1 million), and bus subsidies (increased by \$11.0 million largely to cover higher fuel and salary costs).

The City's capital improvement budget of \$476.6 million for fiscal year 2006 represents an increase of 57.1% compared to the previous year. More than half of that total is devoted to sewer system improvements.

General Government

In comparison to the prior year, the capital improvement budget increased 77.8% to \$48.3 million for the general government function. The following are the major general government projects: Procurement of Major Equipment (\$13.1 million), Civic Center Improvements (\$11.3 million), Integrated Financial & Human Resource System – Financial Accounting System (\$5.8 million), Public Building Facilities Improvements (\$5.3 million), and Kapolei Consolidated Corporation Yard (\$4.6 million).

Public Safety

Public safety appropriations in the capital improvement budget decreased 7.4% to \$25.4 million for fiscal year 2006. The major public safety projects include Traffic Signals at Various Locations (\$2.8 million), Fire Station Building Improvements (\$2.3 million) and Rock Slide Potential Inspections and Mitigative Improvements (\$2.0 million).

Highways and Streets

\$50.4 million is designated in the capital improvement budget for highways and streets in fiscal year 2006, down 11.5% compared to last fiscal year. Major highways and streets projects include Rehabilitation of Streets (\$30.0 million), Curb Ramps at Various Locations (\$5.3 million) and Lunalilo Home Road Street Lighting Improvements (\$2.3 million).

Sanitation

In the capital improvement budget for fiscal year 2006, \$280.0 million has been provided for solid waste and sewage collection and disposal projects, representing an increase of 125.4% over the prior year. The following are the major sanitation projects for fiscal year 2006: Sand Island Wastewater Treatment Plant Expansion, Primary Treatment (\$72.0 million), Solid Waste to Energy Facility (\$35.0 million), Beachwalk Wastewater Pump Station Force Main (\$32.5 million), Saint Louis Heights Sewer Rehabilitation (\$21.0 million), Kalaheo Avenue Reconstructed Sewer (\$18.5 million), Wanao Road/Keolu Drive Reconstructed Sewer (\$17.8 million), Waimalu Sewer Rehabilitation/Reconstruction (\$16.8 million), Niu Valley Wastewater Pump Station Force Main Reconstruction (\$10.0 million), Kuliouou Sewer Rehabilitation & Wastewater Pump Station (\$6.6 million), and Project Management for Wastewater Projects (\$5.6 million).

Human Services

The human services function of the capital improvement budget for fiscal year 2006 decreased 50.2% to \$14.6 million. Funding is being provided to Hui Kauhale, Inc., for the project previously known as Ewa Villages Area H (\$2.3 million) and Goodwill Industries for the Ohana Learning Center (\$2.0 million).

Culture-Recreation

For participant, spectator, and other recreation projects, \$30.1 million is appropriated in the capital improvement budget, 46.3% more than the year earlier. Major projects include the Waikiki War Memorial Complex/Waikiki Beach (\$5.8 million), Blaisdell Center Arena Air Conditioning System Upgrade (\$4.4 million), and Renovation of Recreational Facilities (\$3.5 million).

Transportation

The capital improvement budget appropriations of \$27.8 million for mass transit represent a 56.3% increase compared to the previous year. Major public transit projects include the Alternative Analysis/Draft Environmental Impact Statement (\$10.2 million), Bus and Handi-Van Acquisition Program (\$7.4 million), and Intra-Island Ferry (\$6.7 million).

FINANCIAL INFORMATION

The Basic Financial Statements include two government-wide financial statements, the Statement of Net Assets and the Statement of Activities. The government-wide financial statements present the

City's financial statements in a more corporate style, e.g., by reporting depreciation and long-term debt. Additionally, the government-wide financial statements provide a big-picture view of the City's financial condition and position.

The government-wide financial statements for the primary government are summarized and reported by governmental activities and business-type activities. The City's business-type activities are consolidated into a single column of the government-wide financial statements and include the proprietary funds of the primary government, specifically, housing, sewer, solid waste and the public transportation system.

The following is a brief description of the City's proprietary funds:

- The Housing Development Special Fund accounts for monies designated for the development of housing for sale or rental by the City.
- The Sewer Fund accounts for all monies received pursuant to provisions of the Federal Water Pollution Control Act amendments of 1972 and the Hawaii Revised Statutes and expended for the purposes authorized.
- The Solid Waste Special Fund accounts for all revenues derived from the operations of the City's Refuse Division, solid waste disposal program, glass recycling program, and other recycling programs. All monies placed in this fund are maintained in separate accounts identified with and expended for the intended purposes.
- The Public Transportation System was created for the management, operation, and maintenance of the bus transportation system, including the City bus system (TheBus) and the special transit service (The Handi-Van).

The financial information of the City (known as the primary government) and its component unit, the Board of Water Supply (BWS), are reported separately in the government-wide financial statements.

Another element of the Basic Financial Statements is the fund financial statements. These statements are designed to address the major individual funds by category (governmental, proprietary, and fiduciary).

Financial analysis of the primary government is provided in the MD&A section of this report.

Internal Controls

Establishing and maintaining the internal control system is the responsibility of City managers. Creating the internal control system requires estimates and judgments to assess the expected benefits and related costs of control procedures. The objective of an internal control system is to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Management must also develop adequate internal controls to ensure compliance with applicable laws and regulations related to federal and State financial assistance programs.

The internal control system is subject to periodic evaluation by both internal and external auditors. We believe the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City maintains budgetary controls to ensure that legal provisions of the annual budget are complied with and that expenditures do not exceed budgeted amounts. Controls are exercised by integrating the budgetary accounts in fund ledgers for all budgeted funds. An encumbrance system is also used to account for purchase orders and other contractual commitments. Encumbered balances of appropriations at year-end are reported as reservations of fund balance and are not reappropriated in the following year's budget.

Cash Management

The primary objectives of the City's cash management and investment program are the safety and preservation of principal, liquidity, and yield. The City takes full advantage of temporarily idle cash and the scheduling of vendor payments. To ensure the most competitive rates on investments, the cash resources of the individual funds are combined to form a pool of cash and investments. The investment pool's portfolio is composed of obligations of the U.S. government and its agencies and repurchase agreements fully collateralized by obligations of the U.S. government or its agencies.

The average ratio of invested funds to available cash during the year was 82.5%. The City earned interest income during the year at an average rate of return of 1.76%.

Risk Management

The risk management function was established under Section 2-5 of the Revised Ordinances of Honolulu requiring the creation of a risk management program to identify and control the City's exposures to liability. The program covers all City departments and agencies except the Board of Water Supply and Oahu Transit Services. Risk management activities focus on risk financing programs, claims management, loss prevention, and other areas to minimize the adverse financial impacts of losses.

The City relies on a combination of commercial insurance and self-insurance to finance risk. Commercial insurance is purchased to cover aircraft, medical liabilities, and real and personal property the City owns or controls. Also, automobile liability insurance is purchased to cover privately owned police vehicles in conformity with a labor contract agreement. For workers' compensation and automobile liabilities, the City qualifies as a self-insurer in accordance with applicable Hawaii Revised Statutes. With all other risks, the City has elected to self-insure.

OTHER INFORMATION

Independent Audit

Section 3-114 of the City Charter requires an annual financial audit by independent certified public accountants. The accounting firm of Nishihama & Kishida, CPA's, Inc. was selected by the

Office of the City Auditor to perform the audit. The auditor's report is included in the financial section of this report. Deloitte & Touche LLP was selected by the Board of Directors of the Board of Water Supply for the audit of its financial statements.

Awards

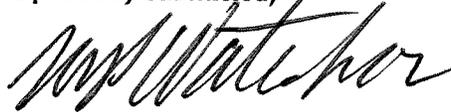
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City and County of Honolulu for its comprehensive annual financial report for the fiscal year ended June 30, 2004. The City has received the award in 18 of the last 19 years. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past 6 years. To qualify for the award, the government must publish a budget document that meets program criteria as a policy document, a financial plan, and a communications device.

Acknowledgments

I am deeply grateful for the efforts of the Accounting Division personnel who contributed to the preparation of this report. My heartfelt appreciation is extended also to the Mayor, City Council, and department heads for their leadership and support in maintaining the City's sound financial position.

Respectfully submitted,



Mary Patricia Waterhouse
Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City and County of Honolulu,
Hawaii

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

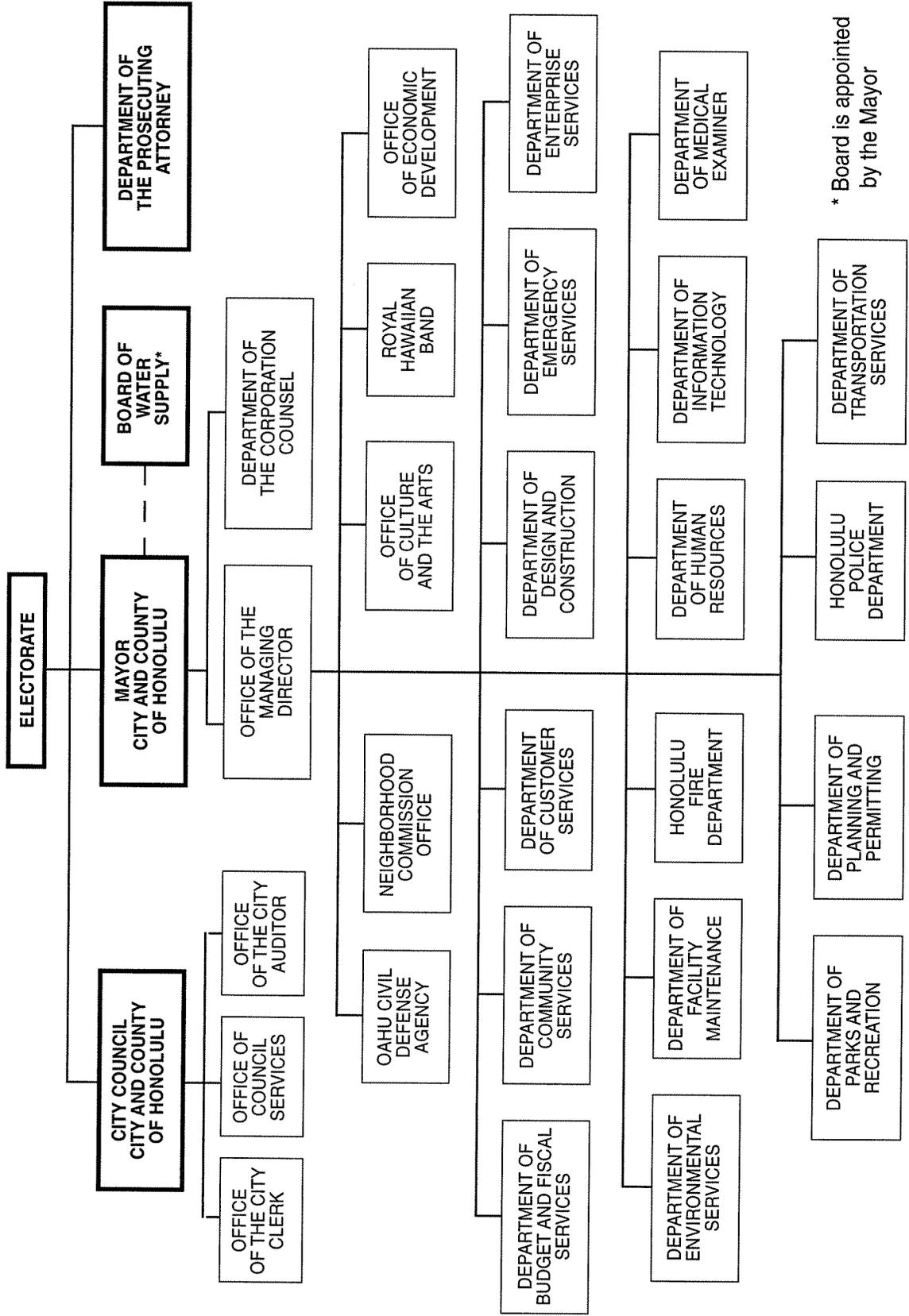


President

Executive Director

CITY AND COUNTY OF HONOLULU ORGANIZATION CHART

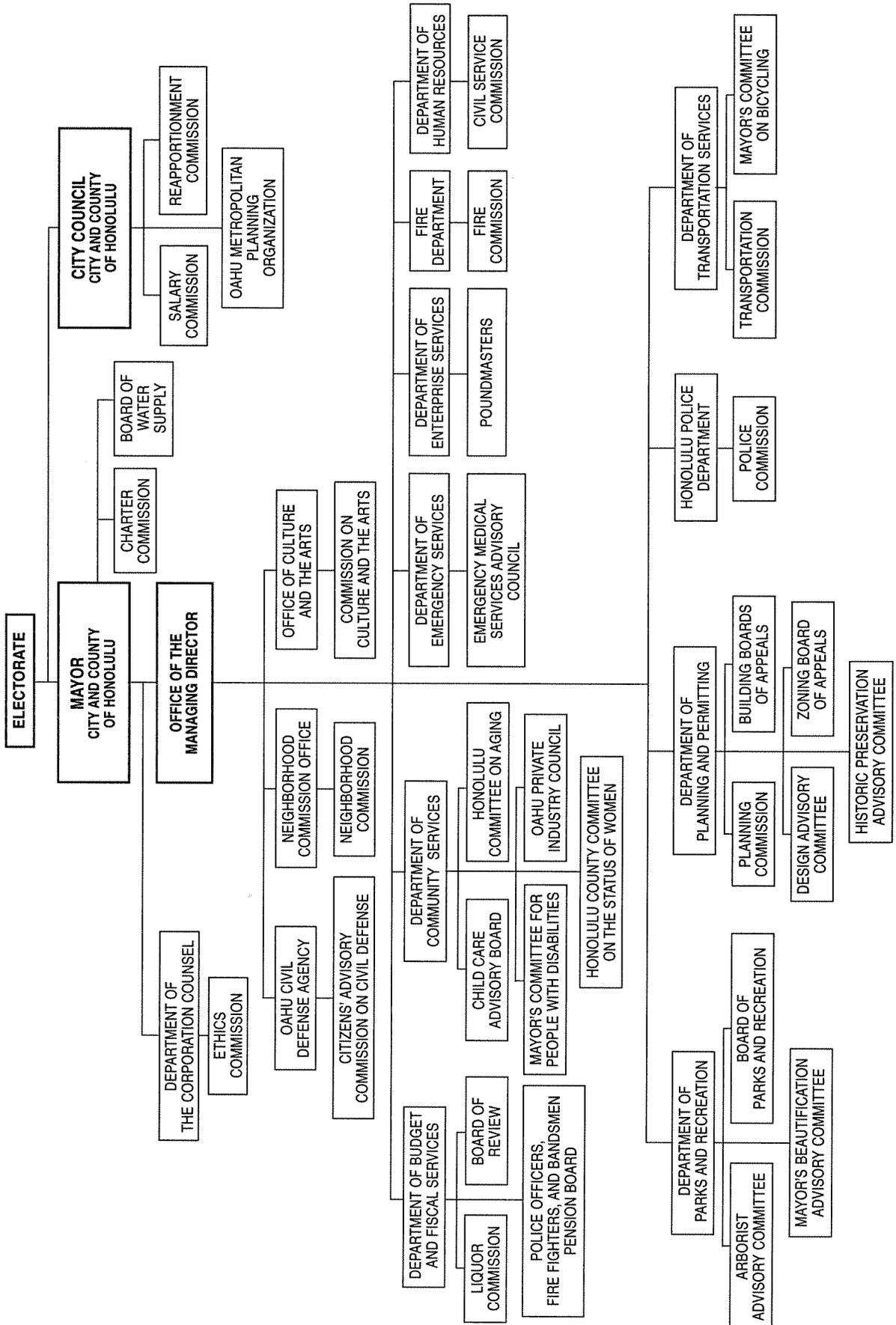
FISCAL YEAR 2004 - 05



* Board is appointed by the Mayor

CITY AND COUNTY OF HONOLULU CHART OF BOARDS, COMMISSIONS AND ADVISORY BODIES

FISCAL YEAR 2004 - 05



CITY AND COUNTY OF HONOLULU

ELECTED OFFICIALS

EXECUTIVE BRANCH (2005 - 2008)

Mayor.....Mufi Hannemann

Prosecuting Attorney.....Peter Carlisle

In the general election on November 2, 2004, Mufi Hannemann was elected Mayor for a four-year term commencing January 2, 2005.

Peter Carlisle was re-elected to another four-year term as Prosecuting Attorney in the primary election on September 18, 2004.

LEGISLATIVE BRANCH

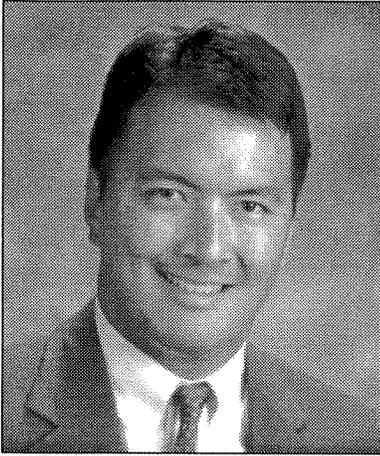
<u>Council District</u>	<u>Councilmember</u>
First	Todd K. Apo
Second	Donovan M. Dela Cruz
Third	Barbara Marshall
Fourth	Charles K. Djou
Fifth	Ann H. Kobayashi
Sixth	Rodney Tam
Seventh	Romy M. Cachola
Eighth	Gary H. Okino
Ninth	Nestor Garcia

The staggered terms of Councilmembers elected in November 2002 commenced on January 2, 2003. Councilmembers of odd-numbered districts were elected to two-year terms while Councilmembers of even-numbered districts were elected to four-year terms.

As a result of primary elections in September 2004, Councilmembers of odd-numbered districts were elected to four-year terms commencing on January 2, 2005. Todd K. Apo was elected to represent the first district, and incumbents were re-elected in the third, fifth, seventh, and ninth districts.

LEGISLATIVE BRANCH

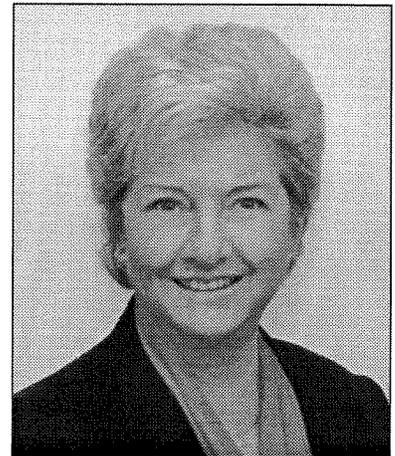
CITY COUNCIL



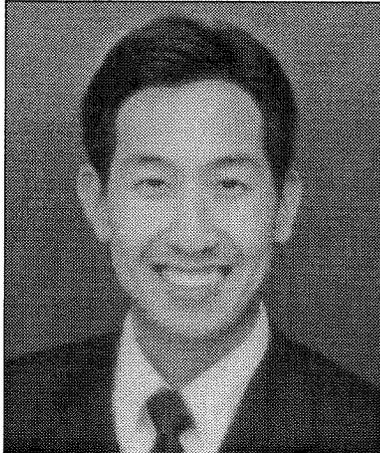
Todd K. Apo
Councilmember, District I



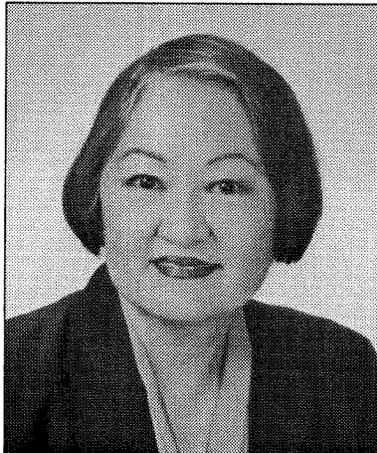
Donovan M. Dela Cruz
Chair, District II



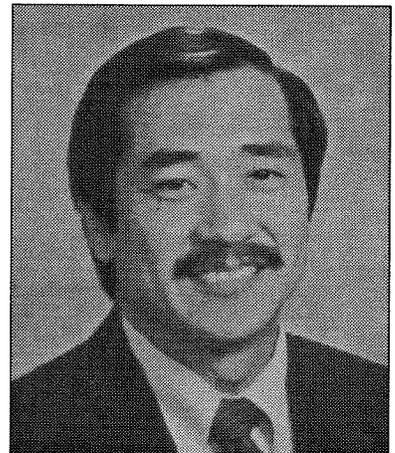
Barbara Marshall
Councilmember, District III



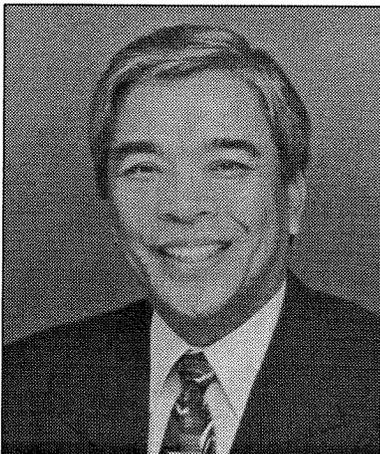
Charles K. Djou
Councilmember, District IV



Ann H. Kobayashi
Councilmember, District V



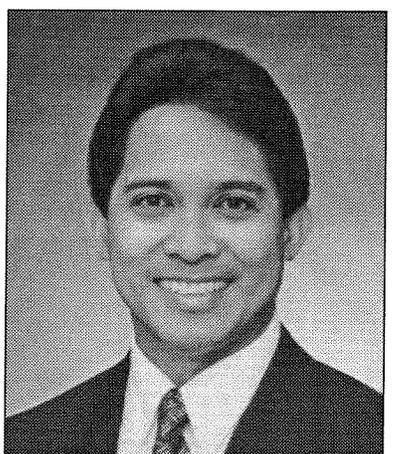
Rodney Tam
Councilmember, District VI



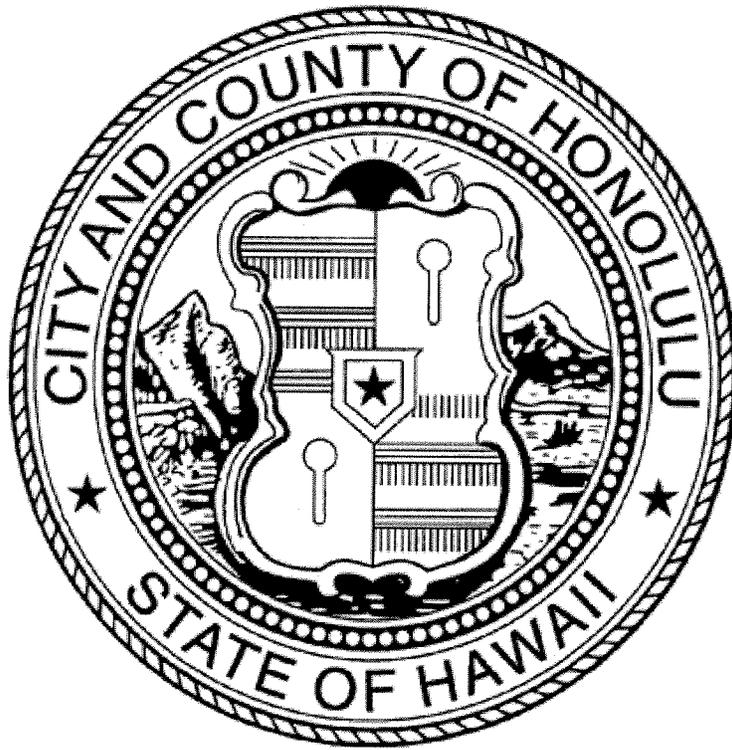
Romy M. Cachola
Councilmember, District VII



Gary H. Okino
Councilmember, District VIII



Nestor Garcia
Councilmember, District IX



FINANCIAL SECTION



NISHIHAMA & KISHIDA, CPA's, INC.
CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN SAVINGS BANK TOWER
1001 BISHOP STREET, SUITE 1700
HONOLULU, HAWAII 96813-3696
TELEPHONE (808) 524-2255
FAX (808) 523-2090

INDEPENDENT AUDITORS' REPORT

To the Chair and Members of the City Council
City and County of Honolulu
Honolulu, Hawaii

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and County of Honolulu, State of Hawaii (City), as of and for the fiscal year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Board of Water Supply, which is the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Water Supply, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the City, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on page 17 through 32 and 85 through 88 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, and schedules listed in the table of contents under other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents under other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Nishihama & Kishida, CPAs, Inc.

Honolulu, Hawaii
November 30, 2005

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) is designed to provide an overview of the financial performance for the fiscal year ended June 30, 2005 for the City and County of Honolulu. The information presented in this MD&A should be considered in conjunction with the letter of transmittal in the Introductory Section of this report and the financial statements that follow this subsection.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2005

- Taxes and other revenues for governmental programs totaled \$973.1 million while expenses amounted to \$891.6 million (before transfers) for the fiscal year ended June 30, 2005. The excess revenues of \$81.5 million represent an improvement in comparison to last fiscal year when revenues exceeded expenses by \$46.8 million.
- With the City's business-type activities, revenues decreased from \$339.3 million for fiscal year 2004 to \$321.5 million during fiscal year 2005 while expenses increased from \$426.7 million in the prior fiscal year to \$442.7 million for the fiscal year ended June 30, 2005.
- The combined ending governmental fund balances as of June 30, 2005 increased by \$5.2 million to \$174.1 million. The changes in governmental fund balances are detailed further on pages 28 and 29.
- Total fund balance in the General Fund as of June 30, 2005 increased by \$14.8 million to \$77.2 million. Likewise, unreserved fund balance in the General Fund improved by \$15.9 million to \$57.4 million at the end of the 2005 fiscal year.
- Capital assets for the governmental activities amounted to \$1.8 billion at the close of fiscal year 2005 and \$1.7 billion at the end of the previous fiscal year.
- The City's net debt applicable to the legal debt margin of \$13.9 billion was \$1.6 billion for the fiscal year ended June 30, 2005.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A serves as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances, in a manner similar to the private sector. Accordingly, it provides both long-term (noncurrent) and short-term (current) information about the City's financial status.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as an indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents how the City's net assets changed during the fiscal year. Revenues and expenses are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. As such, the statement includes information for some items that will result in cash flows in the future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that recover all or a significant portion of its costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, human services, culture and recreation, and utilities. The business-type activities of the City include four enterprises: housing, sewer, solid waste and public transportation. The governmental activities and the business-type activities comprise the City's primary government.

The City's government-wide financial statements include separate component unit reporting for the semi-autonomous operations of the Board of Water Supply (BWS). The focus of the government-wide statements is clearly on the primary government although the presentation allows the user to address the relative relationship with the component unit. Complete financial statements of BWS, which include its MD&A, may be obtained from BWS at 630 South Beretania Street, Honolulu, Hawaii 96843.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term (current) inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term (current) financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains 30 governmental funds, each individually categorized as major or nonmajor. The General Fund is always classified as a major fund. Other major funds consist of the Highway Fund, and the General Obligation Bond and Interest Redemption Fund. A fund is considered major if its revenues, expenditures, assets, or liabilities is at least 10% of corresponding totals for all governmental funds and at least 5% of the aggregate amount for all governmental and enterprise funds for the same item. Even though the General Improvement Bond Fund did not meet the qualifying criteria for a major fund in fiscal year 2005, the City chose to present it separately like the other major funds in the Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds. Information for the other 26 funds are included in the nonmajor category and are combined into a single, aggregated presentation in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining financial statements under Other Supplementary Information of this report.

Proprietary Funds. Enterprise services for which the City charges fees to customers are reported as proprietary funds. Like the government-wide financial statements, the proprietary fund statements report long-term (noncurrent) and short-term (current) financial information. The Statement of Cash Flows for the proprietary funds presents changes in cash and cash equivalents, resulting from operating, financing and investing activities; cash receipts and cash disbursements are reported without consideration of the earnings event, when an obligation arises, and excluding depreciation of capital assets. The City's proprietary funds, comprised of the Housing Development Special Fund, Sewer Fund, Solid Waste Special Fund, and the Public Transportation System, are reported on pages 41 to 44. In addition, the proprietary funds are classified as business-type activities in the government-wide financial statements on pages 33 to 35.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The financial statements of the fiduciary funds are reported on pages 45 and 46 of this report while the agency funds are reported on page 104.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, the Financial Section of this report presents certain required supplementary information. The combining financial statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The individual fund statements and schedules can be found following the combining financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (GOVERNMENT-WIDE)

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. Excluding its component unit, the City's assets exceeded liabilities by \$975.5 million in contrast to \$1,015.2 million at the end of last fiscal year.

The largest portion of the primary government's net assets (93.8% and 94.5% at the end of fiscal years 2005 and 2004, respectively) is reflected as invested in capital assets (i.e., land, construction work in progress, buildings and improvements, equipment and machinery, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately \$32.4 million and \$32.6 million of the net assets for the primary government were unrestricted at June 30, 2005 and 2004, respectively. For the City's governmental activities, the unrestricted net assets of \$95.0 million at the end of fiscal year 2005 may be used to meet the City's ongoing obligations to citizens and creditors. With regard to the City's business-type activities, the deficit for unrestricted net assets increased to \$62.6 million at June 30, 2005; the increased deficit can be attributed primarily to the acquisition of sewer capital assets and an increase in debt service reserves for the Sewer Fund. A small percentage (2.9%) of the City's net assets at June 30, 2005 represents resources that are subject to external restrictions on how they may be used.

**CITY AND COUNTY OF HONOLULU
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is a summary of the Statement of Net Assets as of June 30, 2005 and 2004:

**Summary Statement of Net Assets
(Amounts in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 304.7	\$ 297.2	\$ 156.3	\$ 241.9	\$ 461.0	\$ 539.1
Capital assets, net of accumulated depreciation	1,803.2	1,732.6	1,843.6	1,793.4	3,646.8	3,526.0
Total assets	<u>2,107.9</u>	<u>2,029.8</u>	<u>1,999.9</u>	<u>2,035.3</u>	<u>4,107.8</u>	<u>4,065.1</u>
Noncurrent liabilities	1,798.9	1,678.0	1,197.5	1,231.8	2,996.4	2,909.8
Other liabilities	57.0	54.9	78.9	85.2	135.9	140.1
Total liabilities	<u>1,855.9</u>	<u>1,732.9</u>	<u>1,276.4</u>	<u>1,317.0</u>	<u>3,132.3</u>	<u>3,049.9</u>
Net assets:						
Invested in capital assets, net of debt	155.9	211.1	759.2	747.9	915.1	959.0
Restricted	1.1	1.0	26.9	22.6	28.0	23.6
Unrestricted	95.0	84.8	(62.6)	(52.2)	32.4	32.6
Total net assets	<u>\$ 252.0</u>	<u>\$ 296.9</u>	<u>\$ 723.5</u>	<u>\$ 718.3</u>	<u>\$ 975.5</u>	<u>\$ 1,015.2</u>

**CITY AND COUNTY OF HONOLULU
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is a summary of the Statement of Activities for fiscal years 2005 and 2004:

**Summary Statement of Activities
(Amounts in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 155.2	\$ 140.4	\$ 264.9	\$ 252.6	\$ 420.1	\$ 393.0
Operating grants and contributions	106.4	93.6	-	-	106.4	93.6
Capital grants and contributions	19.7	67.7	46.1	75.7	65.8	143.4
General revenues:						
Property taxes	497.9	439.0	-	-	497.9	439.0
Other taxes	109.4	98.9	-	-	109.4	98.9
Other	84.5	52.1	10.5	11.0	95.0	63.1
Total revenues	<u>973.1</u>	<u>891.7</u>	<u>321.5</u>	<u>339.3</u>	<u>1,294.6</u>	<u>1,231.0</u>
Expenses						
General government	146.0	147.3	-	-	146.0	147.3
Public safety	302.2	259.1	-	-	302.2	259.1
Highways and streets	23.3	19.7	-	-	23.3	19.7
Sanitation	0.9	0.7	-	-	0.9	0.7
Human services	75.9	70.2	-	-	75.9	70.2
Culture and recreation	81.4	61.2	-	-	81.4	61.2
Utilities	66.0	93.9	-	-	66.0	93.9
Retirement and health benefits	111.0	99.0	-	-	111.0	99.0
Miscellaneous	19.4	29.2	-	-	19.4	29.2
Interest	65.5	64.6	-	-	65.5	64.6
Housing	-	-	10.4	16.2	10.4	16.2
Sewer	-	-	131.5	123.6	131.5	123.6
Solid waste	-	-	138.4	136.6	138.4	136.6
Public transportation	-	-	162.4	150.3	162.4	150.3
Total expenses	<u>891.6</u>	<u>844.9</u>	<u>442.7</u>	<u>426.7</u>	<u>1,334.3</u>	<u>1,271.6</u>
Increase (decrease) before transfers	81.5	46.8	(121.2)	(87.4)	(39.7)	(40.6)
Transfers	(126.4)	(61.5)	126.4	61.5	-	-
Change in net assets	(44.9)	(14.7)	5.2	(25.9)	(39.7)	(40.6)
Net assets - beginning	296.9	311.6	718.3	744.2	1,015.2	1,055.8
Net assets - ending	<u>\$ 252.0</u>	<u>\$ 296.9</u>	<u>\$ 723.5</u>	<u>\$ 718.3</u>	<u>\$ 975.5</u>	<u>\$ 1,015.2</u>

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Total revenues for the primary government rose slightly from \$1.23 billion in fiscal year 2004 to \$1.29 billion for the fiscal year 2005. The revenue gains for fiscal year 2005 can be attributed to increased real property tax and other tax collections.

Expenses for the primary government totaled \$1.33 billion for fiscal year 2005 of which \$891.6 million applied to governmental activities and \$442.7 million related to business-type activities. For the prior fiscal year, expenses for the primary government totaled \$1.27 billion; \$844.9 million pertained to governmental activities and \$426.7 million to business-type activities. Depreciation, included as expenses in the above schedule, amounted to \$66.3 million for the governmental activities and \$69.1 million for business-type activities for fiscal year 2005.

Public safety expenses increased from \$259.1 million for fiscal year 2004 to \$302.2 million for fiscal year 2005 due to various reasons such as increased funding for police and fire protection, emergency medical services, and homeland security, and the expensing of costs for the Kapalama incinerator cleanup, and miscellaneous flood control improvements.

Expenses for highways and streets increased from \$19.7 million for fiscal year 2004 to \$23.3 million for fiscal year 2005 primarily due to the increased funding for street resurfacing.

The increase for culture and recreation expenses from \$61.2 million for fiscal year 2004 to \$81.4 million for fiscal year 2005 resulted mainly from increased depreciation in fiscal year 2005 and the reclassification of park improvements in fiscal year 2004.

Utilities (transportation) expenses decreased from \$93.9 million for fiscal year 2004 to \$66.0 million for fiscal year 2005 principally due to capital contributions to the Public Transportation System for the bus acquisition program and the cost of studies to improve bus service for the primary transportation corridor in fiscal year 2004.

Statement of Activities

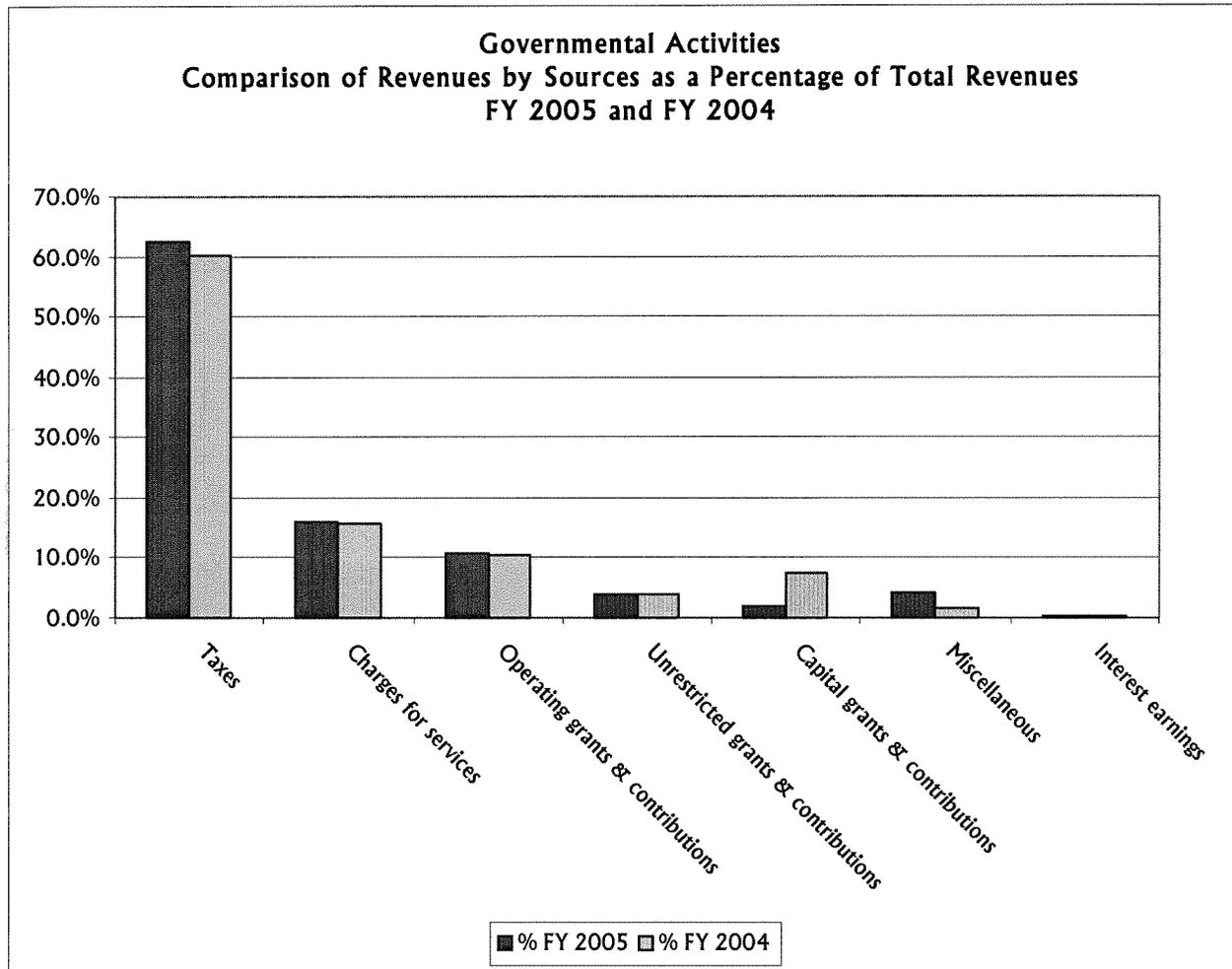
As noted earlier, the Statement of Activities presents how the City's net assets changed during the current fiscal year. Revenues and expenses are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. As such, the statement includes information for some items that will result in cash flows in the future fiscal periods (e.g., uncollected taxes).

Governmental Activities

The City's governmental activities net assets decreased by \$44.9 million in fiscal year 2005 and \$14.7 million in fiscal year 2004. The decreases in net assets for both years were attributed to transfers to the City's business-type activities.

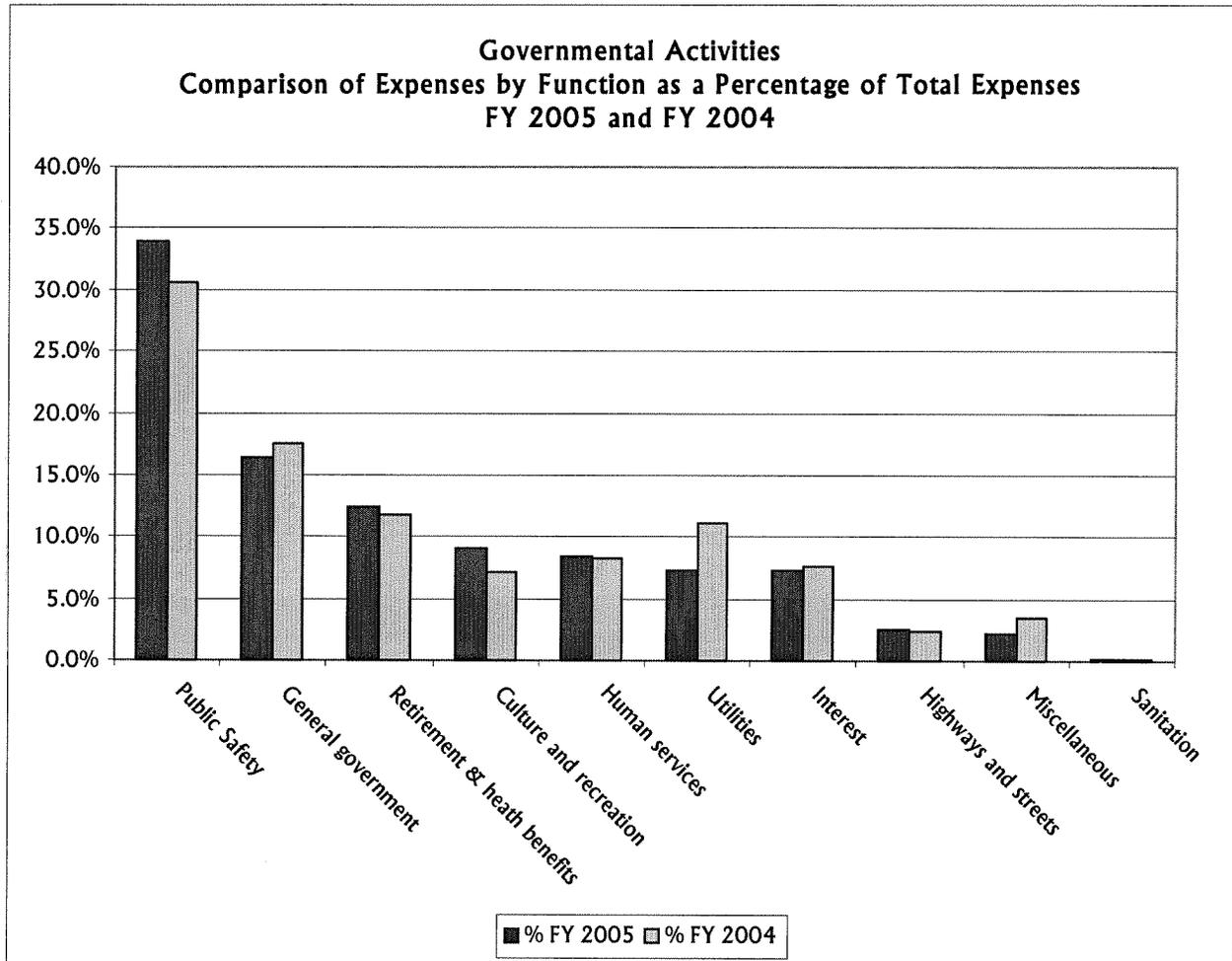
CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues. The following exhibit, Comparison of Revenues by Sources as a Percentage of Total Revenues, indicates revenues from governmental activities were relatively stable for the last two fiscal years. Taxes accounted for 62.4% (\$607.3 million) of the revenues from governmental activities for fiscal year 2005 and 60.3% (\$537.9 million) in contrast to the year before. However, capital grants and contributions amounted to 2.0% (\$19.7 million) of total revenues from governmental activities for fiscal year 2005, down from 7.6% (\$67.7 million) for fiscal year 2004 due to the receipt of less grants in fiscal year 2005 for capital acquisitions.



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses. During the 2005 fiscal year, the City spent 33.9% (\$302.2 million) of the governmental activities budget on public safety, 16.4% (\$146.0 million) on general government and 12.4% (\$111.0 million) on retirement and health benefits as displayed below on the exhibit of expenses by function. In the prior fiscal year, the City spent 30.7% (\$259.1 million) on public safety, 17.4% (\$147.3 million) on general government and 11.7% (\$99.0 million) on retirement and health benefits.

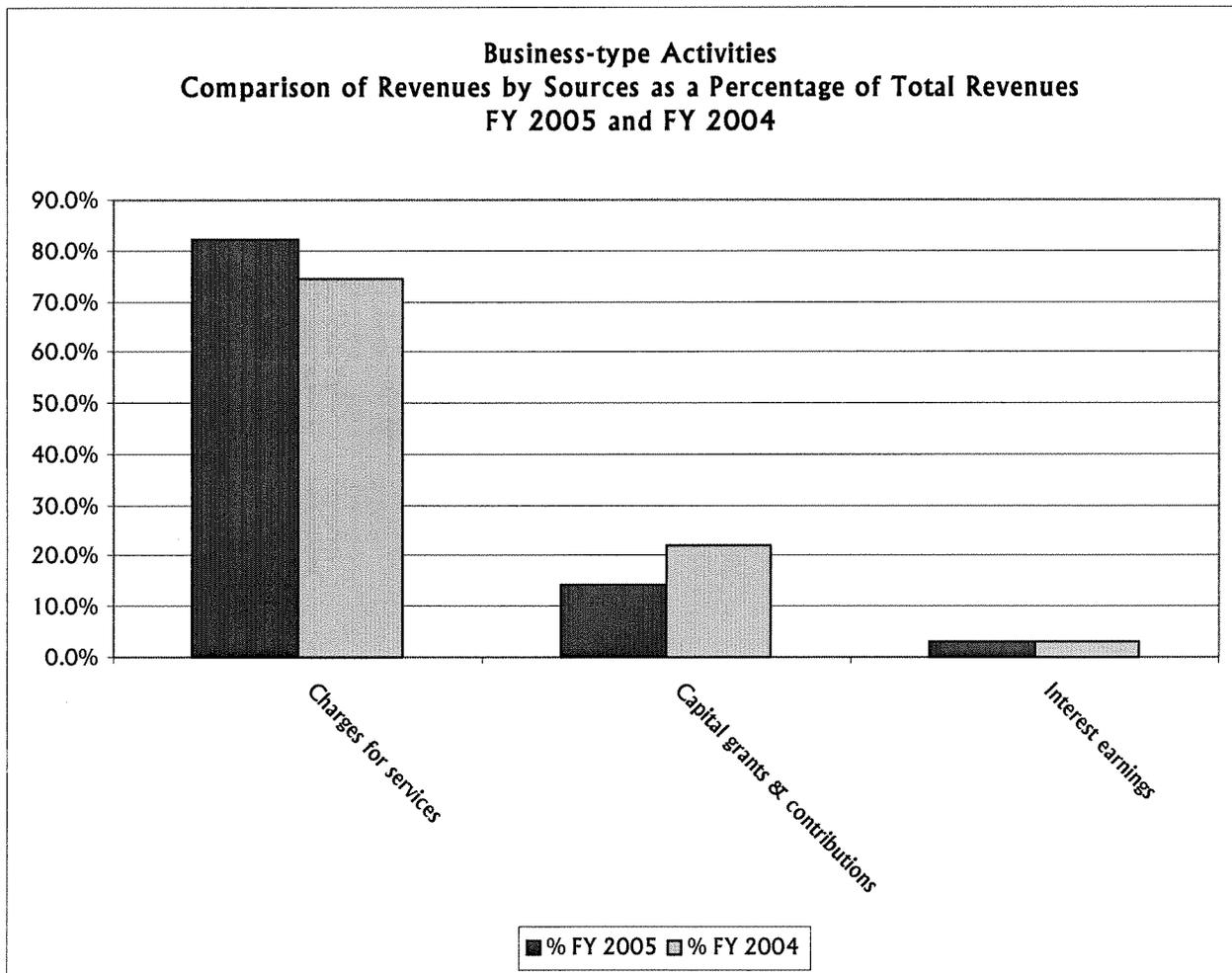


CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

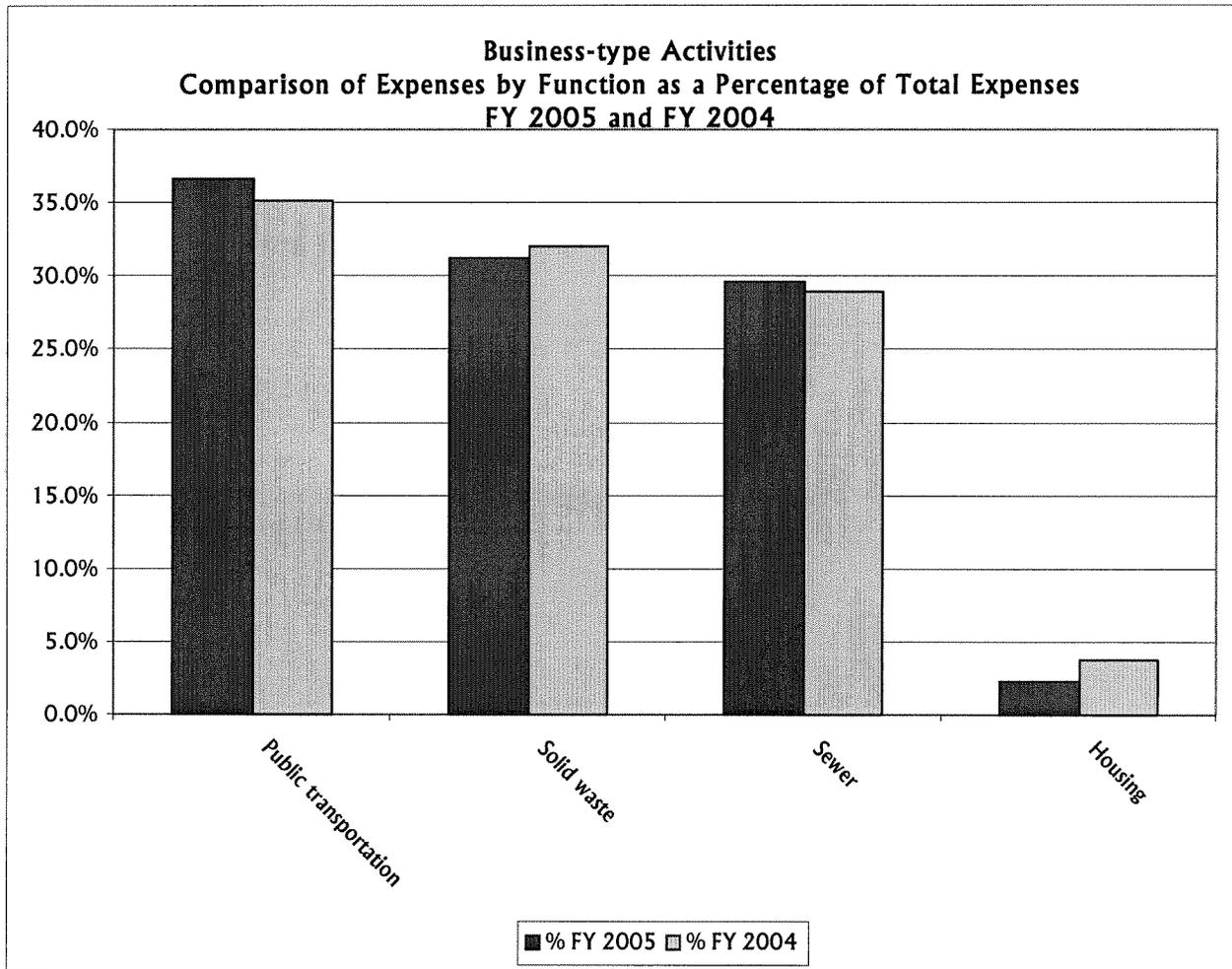
The City's business-type activities net assets increased by \$5.2 million for fiscal year 2005 in comparison to a decrease of \$25.9 million for the fiscal year 2004. The fiscal year 2005 increase in net assets was primarily attributed to transfers from the City's governmental activities. The fiscal year 2004 decrease was due to a variety of factors including not raising user fees to cover increases for normal wages and operating expense increases and to cover expenses for expanded services.

Revenues. The exhibit below indicates that charges for services provided 82.4% of the revenues for business-type activities for fiscal year 2005 in contrast to 74.4% for the previous year. Charges for services totaled \$264.9 million for fiscal year 2005 and can be disaggregated as follows: housing (\$8.1 million), sewer (\$118.9 million), solid waste (\$96.0 million), and public transportation (\$41.9 million). For fiscal year 2004, charges for services totaled \$252.6 million: housing (\$8.0 million), sewer (\$115.0 million), solid waste (\$94.3 million), and public transportation (\$35.3 million). Capital grants and contributions decreased by \$29.6 million to \$46.1 million for fiscal year 2005 as less grants were received to purchase buses and equipment in fiscal year 2005, and a one-time grant was received in the prior year to condemn land for the Middle Street Transit Center.



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses. As displayed in the exhibit below, expenses by business-type activities changed slightly in contrast to the prior year. Public transportation used the most resources (36.7%), followed by solid waste (31.3%) and sewer (29.7%) for fiscal year 2005. The net transfers in for the business-type activities from the governmental activities amounted to \$126.4 million for fiscal year 2005, and \$61.5 million for fiscal year 2004. Specifically, net transfers in for public transportation (bus and handi-van) operations amounted to \$77.9 million for fiscal year 2005, and \$74.1 million for fiscal year 2004; net transfers in for solid waste operations amounted to \$54.7 million for fiscal year 2005, and \$18.5 million for fiscal year 2004; and net transfers out for sewer operations amounted to \$6.2 million for fiscal year 2005, and \$31.1 million for fiscal year 2004.



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on short-term (current) inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The following table summarizes the changes in fund balances for the City's governmental funds as of the end of the 2005 fiscal year, amounting to a surplus of \$5.2 million in comparison to a surplus of \$38.5 million for the prior fiscal year.

Changes in Fund Balances (Amounts in Millions)

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	All Other Funds	Totals	
						2005	2004
Revenues:							
Taxes	\$ 528.8	\$ 78.7	\$ -	\$ -	\$ -	\$ 607.5	\$ 532.8
Other	176.2	54.6	-	0.1	156.9	387.8	388.7
Total Revenues	705.0	133.3	-	0.1	156.9	995.3	921.5
Expenditures	514.1	61.0	355.2	93.2	234.2	1,257.7	1,135.1
Subtotal	190.9	72.3	(355.2)	(93.1)	(77.3)	(262.4)	(213.6)
Transfers and Other	(176.1)	(79.2)	355.2	96.8	70.9	267.6	252.1
Changes in Fund Balances	\$ 14.8	\$ (6.9)	\$ -	\$ 3.7	\$ (6.4)	\$ 5.2	\$ 38.5

The above changes in fund balances for the governmental funds differ from the changes in net assets for governmental activities on page 22. The differences relate to certain financial resources and expenditures such as debt financing and capital outlays that are included in the changes in governmental fund balances but are not reported in the changes in net assets as described on page 39.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund. The General Fund is the chief operating fund of the City. At June 30, 2005, unreserved fund balance of the General Fund was \$57.4 million, while total fund balance amounted to \$77.2 million, representing increases of \$15.9 million and \$14.8 million, respectively, in comparison to the prior fiscal year end.

Real property taxes, the primary General Fund revenue source, increased \$64.4 million, a rise of 14.8% compared to the prior year. The increase resulted from higher assessed valuations on real property.

Highway Fund. The Highway Fund includes special revenue proceeds that have been earmarked by law for highway and related activities. Major revenue sources include the City fuel tax, vehicle weight tax and public utility franchise tax. The unreserved fund balance decreased 28.1% from \$23.1 million at the close of the prior fiscal year to \$16.6 million as of June 30, 2005. Similarly, total fund balance dropped 27.9% to \$17.9 million during the same period.

General Obligation Bond and Interest Redemption Fund. The General Obligation Bond and Interest Redemption Fund accounts for principal and interest payments on general obligation serial bonds that have been issued by the City. The balance of matured bonds and interest payable decreased slightly to \$351,000 as of June 30, 2005 compared to the prior year.

General Improvement Bond Fund. Although the General Improvement Bond Fund did not meet the qualifying criteria for a major fund in fiscal year 2005, at the present time, the City elected to classify it as major. Deposits into the fund include proceeds from tax-exempt commercial paper borrowings for payment of public improvements appropriated and expended from the fund as specified in the Executive Capital Budget and Program Ordinance. Encumbered contracts underway, one component of fund balance, decreased 19.5% from \$291.1 million at the end of last year to \$234.2 million at the close of fiscal year 2005. Unreserved capital projects, the other component of fund balance, improved from a deficit of \$289.5 million at the end of fiscal year 2004 to a deficit of \$229 million as of June 30, 2005. Likewise, total fund balance improved from a surplus of \$1.6 million reported the year before to a surplus of \$5.3 million for fiscal year 2005.

All Other Funds. All other funds (excluding the proprietary funds and the fiduciary funds) are considered the City's nonmajor governmental funds. The fund balances for the nonmajor funds decreased from \$80.1 million at the beginning of the fiscal year to \$73.8 million at June 30, 2005. The change in fund balances can be attributed to decreased intergovernmental revenues reported in the Federal Grants Capital Projects Fund from \$48.2 million for fiscal year 2004 to \$12.5 million in fiscal year 2005. In addition, \$93.5 million of general obligation bonds and commercial paper for the Highway Improvement Bond Fund were issued in fiscal year 2004 in comparison to \$69.6 million in fiscal year 2005.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

There was no significant difference between the original budget and the final amended budget for the General Fund. Changes represent appropriation transfers within the General Fund, resulting in no total difference between the original and final budget.

Actual revenues exceeded budgetary estimates by 0.9% (\$6.2 million) for fiscal year 2005 due in large part to higher real property taxes, transient accommodation tax and reimbursements from the State for emergency ambulance services. For the prior year, actual revenues surpassed budgeted revenues by 0.6% (\$3.5 million) primarily due to increased collections of real property taxes and the sale of Block J, offset by deferred revenues for emergency ambulance services. With expenditure control measures, actual expenditures were less than budgetary estimates by 5.2% (\$29.1 million) for fiscal year 2005 and by 4.6% (\$24.1 million) for the previous year. The net changes in fund balance were favorable variances of \$35.7 million for fiscal year 2005 and \$46.3 million for last year, thereby eliminating the need to draw upon existing reserves.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, totaled \$3.6 billion for the primary government of which \$1.8 billion pertained to governmental activities as of June 30, 2005. This investment in capital assets includes land, construction work in progress, buildings and improvements, equipment and machinery, and infrastructure.

The increase in capital assets may be attributed to costs incurred for various capital improvement projects underway during fiscal year 2005: Bus Rapid Transit - Iwilei/Waikiki (\$15.0 million), Central Oahu Aquatic/Tennis Complex (\$10.7 million), Resurfacing of Streets (\$10.3 million), Rehabilitation of Streets (\$10.1 million), Salt Lake Boulevard Widening (\$5.1 million), Historic Kakaako Fire Station (\$3.3 million), and Kapolei Parkway Extension (\$3.0 million).

The following capital assets were sold during the fiscal year: leased fee interest in Harbor Court for \$27.5 million, leased fee interest of Queen's Court for \$6.0 million, land at Helumoa Road between Beach Walk and Lewers Street for \$1.5 million, and Harbor Court Parking Apartment No. 3 for \$500,000.

Land in Manana (Lots A and F) was sold for \$17.9 million of which \$17.4 million was remitted to certain East Honolulu landowners in fiscal year 2005 as part of a settlement agreement to address claims arising from the City's designation and down zoning of two parcels located across Sandy Beach in East Honolulu to prevent shoreline development. In exchange, the two parcels were conveyed to the City in fiscal year 2005.

Additional information on the City's capital assets can be found in the notes of this report.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of the capital assets for the primary government as of June 30, 2005 in comparison to the previous year:

Summary of Capital Assets (Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Non-depreciable assets:						
Land	\$ 482.1	\$ 477.7	\$ 124.5	\$ 118.1	\$ 606.6	\$ 595.8
Construction work in progress	247.9	169.7	357.5	269.9	605.4	439.6
Other capital assets:						
Buildings and improvements	958.8	926.0	651.7	653.3	1,610.5	1,579.3
Equipment and machinery	223.8	222.4	472.1	467.4	695.9	689.8
Infrastructure	790.3	777.5	808.0	794.4	1,598.3	1,571.9
Less: accumulated depreciation	(899.7)	(840.7)	(570.2)	(509.7)	(1,469.9)	(1,350.4)
Net	<u>\$ 1,803.2</u>	<u>\$ 1,732.6</u>	<u>\$ 1,843.6</u>	<u>\$ 1,793.4</u>	<u>\$ 3,646.8</u>	<u>\$ 3,526.0</u>

Additional information on the City's capital assets can be found in the notes of this report.

Long-Term Debt

At June 30, 2005, the City's long-term debt consisted of \$2.9 billion total bonded debt outstanding, \$80.6 million notes payable, \$928,000 installment purchase contracts, and \$645,000 special assessments bonds. Of the total bonded debt, \$894.4 million represent revenue bonds secured solely by specified revenue sources.

Debt activity during the year include the following:

- \$371.8 million of General Obligation Refunding bonds were issued on May 26, 2005 for refunding of \$200.0 million of general obligation tax-exempt commercial paper notes and \$183.4 million of general obligation bonds.
- \$175.0 million of general obligation tax-exempt commercial paper notes were issued on various dates for various capital improvement projects.

Concurrent with the issuance of the aforementioned bonds, the City purchased Financial Guarantee Insurance Policies from MBIA Insurance Corporation. The policies unconditionally guarantee the payment of principal and interest on the bonds in the event of nonpayment by the City. As a result, Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services assigned ratings of AAA, Aaa and AAA, respectively, for the bonds issued on May 26, 2005.

The City is within all of its legal debt limitations. State statutes limit the amount of general obligation debt a governmental entity may issue to 15.0% of its net assessed valuation. The debt limitation for

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

the City is \$13.9 billion for the 2005 fiscal year. Net debt, excluding debt issued for enterprise fund activities and special assessments, applicable to legal debt margin amounted to \$1.6 billion.

Additional information on the City's debt can be found in the notes of this report and in the Statistical Section.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Indicators suggest that the local economy continues to be strong. Unemployment is the lowest in the nation; personal income, civilian employment, job counts, consumer spending and federal defense spending are up. On the other hand, inflation, energy costs, housing prices and interest rates have been rising.

The assessed valuation of real property on Oahu increased 23.5% to \$114.1 billion for fiscal year 2006 from \$92.4 billion for the previous fiscal year.

Sewer fees were raised 25.0% effective July 1, 2005, with approved 10.0% increases in each of the following 5 years. In addition, effective January 1, 2006, motor vehicle weight taxes will increase one cent per pound.

Despite the growth in the economy, the City is making every effort to contain costs while maintaining the expected level of service to the public. Increases in debt service, retirement system contributions, negotiated salaries, health benefits, and FICA taxes prompted raises in the operating budgets net of interfund transfers from \$1.24 billion as amended for fiscal year 2005 to \$1.36 billion for fiscal year 2006.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Budget and Fiscal Services, City and County of Honolulu, 530 South King Street, Honolulu, Hawaii 96813.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY AND COUNTY OF HONOLULU
STATEMENT OF NET ASSETS
 JUNE 30, 2005
 (Amounts in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 165,625	\$ 84,650	\$ 250,275	\$ 5,835
Investments	4,972	9,915	14,887	51,662
Receivables (net)	138,229	29,725	167,954	16,171
Internal balances	(4,146)	4,146	--	--
Inventories	28	15,653	15,681	4,157
Deferred charges and other	--	12,163	12,163	2,672
Restricted assets:				
Cash and cash equivalents	--	--	--	17,047
Investments	--	--	--	72,391
Other	--	--	--	1,715
Capital assets (net of accumulated depreciation):				
Land	482,140	124,514	606,654	32,300
Buildings and improvements	620,197	510,907	1,131,104	87,765
Equipment and machinery	75,658	146,906	222,564	78,782
Infrastructure	377,282	703,853	1,081,135	680,843
Construction work in progress	247,911	357,479	605,390	198,747
Total assets	<u>2,107,896</u>	<u>1,999,911</u>	<u>4,107,807</u>	<u>1,250,087</u>
LIABILITIES				
Accounts payable	33,322	21,392	54,714	20,139
Matured bonds and interest payable ...	360	--	360	--
Accrued interest payable	23,286	19,478	42,764	3,926
Due to fiduciary funds	59	17	76	--
Other liabilities	--	38,036	38,036	13,631
Noncurrent liabilities:				
Due within one year	122,757	62,530	185,287	3,070
Due in more than one year	1,676,103	1,134,947	2,811,050	215,764
Total liabilities	<u>1,855,887</u>	<u>1,276,400</u>	<u>3,132,287</u>	<u>256,530</u>
NET ASSETS				
Invested in capital assets, net of related debt	155,932	759,186	915,118	885,081
Restricted for:				
Capital activity	--	--	--	55,304
Debt service	1,053	26,882	27,935	--
Unrestricted	95,024	(62,557)	32,467	53,172
Total net assets	<u>\$ 252,009</u>	<u>\$ 723,511</u>	<u>\$ 975,520</u>	<u>\$ 993,557</u>

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government.....	\$ 146,022	\$ 98,217	\$ 4,781	\$ 1,259
Public safety.....	302,231	31,017	15,680	998
Highways and streets.....	23,263	2,236	--	4,620
Sanitation.....	902	36	245	68
Human services.....	75,943	2,010	55,616	10,324
Culture and recreation.....	81,447	21,698	1,692	926
Utilities.....	65,974	--	28,369	1,528
Retirement and health benefits...	110,991	--	--	--
Miscellaneous.....	19,445	--	--	--
Interest.....	65,525	--	--	--
Total governmental activities...	<u>891,743</u>	<u>155,214</u>	<u>106,383</u>	<u>19,723</u>
Business-type activities:				
Housing.....	10,418	8,092	--	--
Sewer.....	131,452	118,893	--	1,148
Solid Waste.....	138,443	96,021	--	--
Public Transportation.....	162,429	41,958	--	44,943
Total business-type activities....	<u>442,742</u>	<u>264,964</u>	<u>--</u>	<u>46,091</u>
Total primary government.....	<u>\$ 1,334,485</u>	<u>\$ 420,178</u>	<u>\$ 106,383</u>	<u>\$ 65,814</u>
Component unit:				
Board of Water Supply.....	<u>\$ 126,146</u>	<u>\$ 101,507</u>	<u>\$ 445</u>	<u>\$ 14,655</u>
General revenues:				
Property taxes.....				
Public service company tax.....				
Fuel tax				
Public utility franchise tax.....				
Investment earnings.....				
Unrestricted grants and contributions.....				
Harbor Court and Queen's Court Lease to Fee Conversion.....				
Other.....				
Transfers.....				
Total general revenues and transfers.....				
Change in net assets.....				
Net assets - beginning.....				
Net assets - ending.....				

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (41,765)	\$ --	\$ (41,765)	\$ --
(254,536)	--	(254,536)	--
(16,407)	--	(16,407)	--
(553)	--	(553)	--
(7,993)	--	(7,993)	--
(57,131)	--	(57,131)	--
(36,077)	--	(36,077)	--
(110,991)	--	(110,991)	--
(19,445)	--	(19,445)	--
(65,525)	--	(65,525)	--
(610,423)	--	(610,423)	--
--	(2,326)	(2,326)	--
--	(11,411)	(11,411)	--
--	(42,422)	(42,422)	--
--	(75,528)	(75,528)	--
--	(131,687)	(131,687)	--
(610,423)	(131,687)	(742,110)	--
--	--	--	(9,539)
497,935	--	497,935	--
29,665	--	29,665	--
51,354	--	51,354	--
28,382	--	28,382	--
4,194	10,551	14,745	2,914
39,402	--	39,402	--
33,271	--	33,271	--
7,627	--	7,627	--
(126,374)	126,374	--	--
565,456	136,925	702,381	2,914
(44,967)	5,238	(39,729)	(6,625)
296,976	718,273	1,015,249	1,000,182
\$ 252,009	\$ 723,511	\$ 975,520	\$ 993,557

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

MAJOR FUNDS

General Fund

This fund accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

Highway Fund

This fund accounts for disposition of proceeds from special revenues earmarked by law for highway and related activities. Major revenue sources include the City fuel tax, vehicle weight tax and public utility franchise tax.

Debt Service Fund

General Obligation Bond and Interest Redemption Fund

This fund accounts for payments of principal and interest on general obligation serial bonds issued by the City.

Capital Projects Fund

General Improvement Bond Fund

This fund accounts for proceeds of general obligation bonds issued to pay all or part of those appropriations in the Capital Budget Ordinance for public improvements specified to be expended from this fund.

NONMAJOR FUNDS

Special Revenue Funds

Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund

This fund accounts for receipts from each certificate of registration. These monies are expended primarily for the beautification of highways under the jurisdiction of the City and the disposition of abandoned vehicles.

Bikeway Fund

This fund accounts for bicycle and moped permanent registration fees, transfer fees, penalties, fines, and charges for duplicate tags and certificates of registration. These monies are earmarked for operating, acquisition and other costs related to bikeways.

Parks and Playgrounds Fund

All monies received in lieu of providing land in perpetuity or dedicating land, together with facilities for park and playground purposes are recorded in this fund. These monies must be expended for the purchase of land for parks and playgrounds, park and playground equipment, and/or the improvement of existing parks and playgrounds.

Federal Revenue Sharing Fund

All monies received from the federal government under the State and Local Fiscal Assistance Act of 1972 are deposited in this fund and expended for purposes authorized by the provisions of the Act.

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Liquor Commission Fund

This fund accounts for all monies collected by as well as received on behalf of the Liquor Commission and used for operational and administrative costs of the Liquor Commission.

Rental Assistance Fund

This fund accounts for all net receipts from the Hale Pauahi parking structure which are expended for monthly rental assistance payments to landlords on behalf of eligible applicants.

Zoo Animal Purchase Fund

This fund accounts for the proceeds from the sale of surplus animals from the Honolulu Zoo and all donations made specifically for the purchase of animals. Funds in this account shall be expended for the acquisition of zoo animals to include shipping, insurance, travel and other related costs.

Hanauma Bay Nature Preserve Fund

This fund accounts for receipts from the entrance and vehicle admission fees to the Hanauma Bay Nature Preserve and is earmarked primarily for the operation, maintenance and improvement of the Nature Preserve.

Special Reserve Fund

This fund accounts for all monies determined to be in excess of expenditures at the end of each fiscal year. All monies deposited into this fund shall be used solely for (1) natural disaster relief, (2) unanticipated obligations to third parties, and/or (3) significant events endangering the health, welfare or safety of the residents of the island of Oahu.

Community Development Fund

Monies are provided by the federal government under the Housing and Community Development Act of 1974, as amended; the National Affordable Housing Act of 1990, as amended; monies generated as program income; and monies carried over from prior years. Funds are expended to carry out the objectives of the Acts.

Golf Fund

Receipts for this fund are derived from the operation of the City's golf facilities. All funds are expended for the management, operation and maintenance of the municipal golf courses.

Special Events Fund

This fund accounts for all revenues derived from the operation of the City's auditorium facilities, Waikiki Shell and Honolulu Zoo. All funds are expended for the operation of the Department of Enterprise Services.

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Farmers Home Administration Loan Fund

This fund accounts for all proceeds from the issuance and sale of bonds to the Farmers Home Administration for the purpose of financing portions of the cost of such projects as approved by the Farmers Home Administration.

Special Projects Fund

This fund accounts for all monies received under special contracts executed between the City and the State of Hawaii. Monies received from various other sources for operating and capital improvement expenditures for which no financing has been provided in other funds, such as contributions from property owners exclusive of improvement district assessment collections, are also accounted for in this fund.

Federal Grants Fund

This fund accounts for all monies received from the federal government as grants for specific projects as well as supporting monies from other sources, where such monies are not accountable in any other fund. All monies placed in the fund are maintained in separate accounts identified with, and expended for, the intended purposes.

Housing and Community Development Rehabilitation Loan Fund

This fund makes loan monies available primarily to low and moderate income applicants unable to secure or qualify for funds under the Rehabilitation Loan Program sponsored by the federal government.

Pauahi Project Expenditures, Hawaii R-15 Fund

This fund was created to facilitate financing of the Pauahi Project redevelopment plan providing for the acquisition, clearance, construction of site improvements, and sale or lease of home, apartment and commercial sites to private parties for development in accordance with said plan.

Housing and Community Development Section 8 Contract Fund

This fund accounts for all monies received from the federal government under the Housing and Community Development Act of 1974 for the purposes set forth under Title II of the Act.

Leasehold Conversion Fund

This fund accounts for all monies to assist lessees to purchase, at fair and reasonable prices, lands upon which residential condominium, cooperative housing or residential planned development are situated.

Improvement District Revolving Fund

Monies in this revolving fund are available to cover deficiencies, advance interest due, reimburse the General Fund in the event the payment of assessments are late or insufficient, and pay all expenses in connection with the sale of delinquent lots as bid for and purchased for the City by the Director of Budget and Fiscal Services.

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Housing and Community Development Revolving Fund

This fund serves as a working capital fund to facilitate the expenditure of joint costs.

Municipal Stores Revolving Fund

This fund is used to finance the Municipal Stores through bulk purchases and resale of regularly used standard printed forms and various publications dealing with City matters.

Debt Service Fund

Improvement District Bond and Interest Redemption Fund

This fund accounts for the redemption of maturing City improvement district assessment bonds and collections of special assessments.

Capital Projects Funds

Highway Improvement Bond Fund

Proceeds of general obligation bonds issued to pay all or a part of those appropriations in the Capital Budget Ordinance for highway and related public improvements are accounted for in this fund.

Federal Grants Capital Projects Fund

All monies received from the federal government in the form of grants, entitlements or payments in lieu of taxes, to fund capital projects, and Federal Revenue Sharing funds appropriated for capital projects are deposited or transferred into this fund and expended for the purposes for which such monies are received or appropriated.

Capital Projects Fund

Monies received from sources other than the federal government in the form of grants, entitlements, shared revenues or payments in lieu of taxes, to fund capital projects, and City monies appropriated for capital projects are deposited or transferred into this fund and expended for the purposes for which such monies are received or appropriated. All transactions relating to acquisition of capital improvements financed by special assessments are also accounted for in this fund.

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2005

(Amounts in thousands)

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments:						
With Treasury	\$ 51,723	\$ 14,014	\$ 2,164	\$ 17,092	\$ 85,604	\$ 170,597
Receivables	23,334	18,212	--	--	96,683	138,229
Due from other funds	29,939	--	--	113	1,181	31,233
Inventories	--	--	--	--	28	28
Total Assets	\$ 104,996	\$ 32,226	\$ 2,164	\$ 17,205	\$ 183,496	\$ 340,087
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 4,796	\$ 359	\$ --	\$ 7,938	\$ 15,494	\$ 28,587
Accrued payroll	4,262	265	--	--	208	4,735
Due to other funds	1,152	50	1,813	4,015	28,408	35,438
Matured bonds and interest payable.....	--	--	351	--	9	360
Deferred revenue	17,620	13,697	--	--	65,564	96,881
Total Liabilities	27,830	14,371	2,164	11,953	109,683	166,001
Fund Balances:						
Reserved for:						
Encumbrances	19,802	1,257	--	234,246	285,927	541,232
Debt service	--	--	--	--	1,053	1,053
Unreserved, reported in:						
General fund	57,364	--	--	--	--	57,364
Special revenue funds	--	16,598	--	--	(1,610)	14,988
Capital projects funds	--	--	--	(228,994)	(211,557)	(440,551)
Total Fund Balances	77,166	17,855	--	5,252	73,813	174,086
Total Liabilities and Fund Balances	\$ 104,996	\$ 32,226	\$ 2,164	\$ 17,205	\$ 183,496	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 1,803,188

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 96,881

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (1,822,146)

Net assets of governmental activities \$ 252,009

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes.....	\$ 528,793	\$ 78,748	\$ --	\$ --	\$ --	\$ 607,541
Special assessments.....	--	--	--	--	419	419
Licenses and permits.....	35,740	47,745	--	--	3,164	86,649
Intergovernmental.....	39,056	--	--	--	120,556	159,612
Charges for services.....	6,531	4,406	--	--	13,409	24,346
Fines and forfeits.....	178	34	--	--	179	391
Miscellaneous:						
Reimbursements and recoveries.....	86,403	364	--	--	9	86,776
Interest.....	4,086	--	--	108	426	4,620
Other.....	4,260	2,027	--	--	18,694	24,981
Total Revenues.....	705,047	133,324	--	108	156,856	995,335
Expenditures:						
Current:						
General government.....	100,462	12,019	--	--	9,825	122,306
Public safety.....	242,108	21,422	--	--	14,337	277,867
Highways and streets.....	1,755	13,975	--	--	1	15,731
Sanitation.....	--	706	--	--	28	734
Human services.....	1,551	--	--	--	54,326	55,877
Culture-recreation.....	45,947	--	--	--	17,024	62,971
Utilities or other enterprises.....	--	1,276	--	--	28,369	29,645
Miscellaneous:						
Retirement and health benefits.....	105,307	10,390	--	--	4,414	120,111
Other.....	15,925	1,260	--	--	296	17,481
Capital Outlay:						
General government.....	--	--	--	16,968	1,295	18,263
Public safety.....	--	--	--	10,570	7,263	17,833
Highways and streets.....	--	--	--	23,106	39,131	62,237
Sanitation.....	--	--	--	--	196	196
Human services.....	--	--	--	--	19,142	19,142
Culture-recreation.....	--	--	--	42,536	1,741	44,277
Utilities or other enterprises.....	--	--	--	--	36,350	36,350
Debt service:						
Principal.....	847	--	271,644	--	365	272,856
Interest.....	163	--	83,605	--	57	83,825
Total Expenditures.....	514,065	61,048	355,249	93,180	234,160	1,257,702
Revenues over (under) Expenditures.....	190,982	72,276	(355,249)	(93,072)	(77,304)	(262,367)
Other Financing Sources (Uses):						
Issuance of general obligation bonds	--	--	165,313	--	--	165,313
Issuance of tax exempt commercial paper	--	--	--	96,250	69,550	165,800
Issuance of refunding bonds	--	--	145,077	--	--	145,077
Bond premium	--	--	26,501	--	--	26,501
Bond discount	--	--	(14)	--	--	(14)
Payment of refunded bonds	--	--	(145,077)	--	--	(145,077)
Sales of capital assets.....	35,616	261	--	479	13	36,369
Transfers in.....	61,978	--	163,449	--	29,500	254,927
Transfers out.....	(273,727)	(79,458)	--	--	(28,116)	(381,301)
Total Other Financing Sources (Uses).....	(176,133)	(79,197)	355,249	96,729	70,947	267,595
Net change in fund balances.....	14,849	(6,921)	--	3,657	(6,357)	5,228
Fund Balances - July 1.....	62,317	24,776	--	1,595	80,170	168,858
Fund Balances - June 30.....	\$ 77,166	\$ 17,855	\$ --	\$ 5,252	\$ 73,813	\$ 174,086

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds	\$	5,228
Governmental funds report capital outlays as expenditures. The Statement of Activities reports depreciation expense on capital assets. This is the difference between the two amounts for this year.		70,554
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		2,897
Proceeds from the issuance of long-term debt are reported as providing current financial resources in the governmental funds, but are reported as long-term debt in the government-wide financial statements. Repayment of such debt is reported as an expenditure for governmental funds but is reported as a reduction of debt in the government-wide financial statements.		(124,129)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		483
Change in net assets of governmental activities	<u>\$</u>	<u>(44,967)</u>

The notes to the financial statements are an integral part of this statement.

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Proprietary Fund Financial Statements

Housing Development Special Fund

This fund accounts for monies designated for the development of housing for sale or for rental by the City. Transactions in this fund are incorporated in the special statements for the housing program.

Sewer Fund

This fund accounts for all monies received pursuant to the provisions of the Federal Water Pollution Control Act amendments of 1972 and the Hawaii Revised Statutes and expended for the purposes authorized.

Solid Waste Special Fund

This fund accounts for all revenues derived from the operation of the City's Refuse Division, solid waste disposal programs, glass recycling program, and other recycling programs. All monies placed in this fund are maintained in separate accounts identified with and expended for the intended purposes.

Public Transportation System

The Bus Transportation Fund was created for the management, operation, and maintenance of the bus transportation system, including the City bus system (TheBus) and the special transit service (The Handi-Van).

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2005
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 20,441	\$ 15,525	\$ 42,880	\$ 5,804	\$ 84,650
Investments	--	8,362	1,394	159	9,915
Receivables:					
Accounts (net of allowance for uncollectibles of \$5,893)	794	15,735	11,101	768	28,398
Interest	43	100	1,184	--	1,327
Due from other funds	--	4,169	95	--	4,264
Inventories of parts, materials and supplies, at cost (net of \$50 reserve for obsolescence)	--	4,208	--	6,983	11,191
Inventories of real estate held for sale	4,462	--	--	--	4,462
Prepaid expenses and other assets	24	--	551	2,413	2,988
Total Current Assets	25,764	48,099	57,205	16,127	147,195
Noncurrent Assets:					
Capital Assets:					
Land	14,390	5,882	24,148	80,094	124,514
Buildings and improvements	108,504	440,032	52,483	50,740	651,759
Transmission and distribution system	--	808,051	--	--	808,051
Equipment and machinery	273	26,055	249,157	32,102	307,587
Buses and other transit vehicles	--	--	--	164,505	164,505
Construction work in progress	6,478	345,582	2,242	3,177	357,479
Accumulated depreciation	(43,333)	(174,912)	(207,556)	(144,435)	(570,236)
Deferred charges and other	6,688	--	511	1,976	9,175
Total Noncurrent Assets	93,000	1,450,690	120,985	188,159	1,852,834
Total Assets	118,764	1,498,789	178,190	204,286	2,000,029
LIABILITIES					
Current Liabilities:					
Accounts payable	254	12,917	6,393	1,828	21,392
Interest payable-current	1,924	11,830	5,724	--	19,478
Notes payable-current	--	5,894	--	--	5,894
Bonds payable-current	5,824	13,163	21,451	--	40,438
Tax-exempt commercial paper	--	10,022	1,837	--	11,859
Operating fee obligation, net of note receivable	--	--	4,339	--	4,339
Due to other funds	--	--	135	--	135
Reserve for insurance claims payable	--	--	--	12,290	12,290
Accrued payroll	--	302	591	4	897
Other current liabilities	102	364	122	1,527	2,115
Total Current Liabilities	8,104	54,492	40,592	15,649	118,837
Noncurrent Liabilities:					
Notes payable	--	68,230	--	--	68,230
General obligation bonds payable, net	100,474	38,812	153,087	--	292,373
Revenue bonds payable, net	--	675,817	--	--	675,817
Operating fee obligation, net of note receivable	--	--	83,570	--	83,570
Estimated liability for landfill closure and postclosure care costs.....	--	--	14,957	--	14,957
Other liabilities	10,378	5,856	3,254	3,246	22,734
Total Noncurrent Liabilities	110,852	788,715	254,868	3,246	1,157,681
Total Liabilities	118,956	843,207	295,460	18,895	1,276,518
NET ASSETS					
Invested in capital assets, net of related debt	(19,986)	648,889	(55,900)	186,183	759,186
Restricted for debt service	--	26,882	--	--	26,882
Unrestricted	19,794	(20,189)	(61,370)	(792)	(62,557)
Total Net Assets (Deficit)	\$ (192)	\$ 655,582	\$ (117,270)	\$ 185,391	\$ 723,511

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				Totals
				Public	
	Housing	Sewer	Solid Waste	Transportation System	
Operating Revenues:					
Sales of dwelling units and lots	\$ 137	\$ --	\$ --	\$ --	\$ 137
Rental income	7,955	--	3,223	--	11,178
Sewer service charges	--	112,746	--	--	112,746
Disposal and collection fees	--	--	58,559	--	58,559
Electrical energy fee	--	--	32,947	--	32,947
Passenger fares for transit services	--	--	--	41,100	41,100
Other revenue	--	6,147	1,292	858	8,297
Total Operating Revenues	8,092	118,893	96,021	41,958	264,964
Operating Expenses:					
Administrative and general	844	30,362	40,569	984	72,759
Maintenance	459	165	1,143	9	1,776
Depreciation	3,598	30,647	16,969	17,837	69,051
Contractual services	1,789	8,837	41,463	110,954	163,043
Supplemental operating fee	--	--	3,223	--	3,223
Fringe benefits	81	11,344	7,932	--	19,357
Materials and supplies	69	6,598	2,416	8,961	18,044
Fuel and lubricants	--	2,179	583	10,454	13,216
Insurance	201	--	1,830	8,752	10,783
State taxes - fuel	--	--	109	2,513	2,622
Utilities	904	8,830	269	1,625	11,628
Cost of sales - dwelling units and lots ...	76	--	--	--	76
Other	--	11	--	207	218
Total Operating Expenses	8,021	98,973	116,506	162,296	385,796
Operating Income (Loss)	71	19,920	(20,485)	(120,338)	(120,832)
Nonoperating Revenues (Expenses):					
Interest revenue	596	1,590	8,358	7	10,551
Interest expense	(4,727)	(27,677)	(22,241)	--	(54,645)
Gain (Loss) from disposal of property ..	--	(23)	315	(133)	159
Amortization expense	(99)	--	(11)	--	(110)
Other	2,429	(4,779)	--	--	(2,350)
Total Nonoperating Revenues					
(Expenses)	(1,801)	(30,889)	(13,579)	(126)	(46,395)
Loss before Transfers and					
Capital Contributions.....	(1,730)	(10,969)	(34,064)	(120,464)	(167,227)
Transfers In	--	--	61,985	77,909	139,894
Transfers Out	--	(6,254)	(7,266)	--	(13,520)
Capital Contributions	--	1,148	--	44,943	46,091
Change in Net Assets	(1,730)	(16,075)	20,655	2,388	5,238
Net Assets - July 1	1,538	671,657	(137,925)	183,003	718,273
Net Assets - June 30	\$ (192)	\$ 655,582	\$ (117,270)	\$ 185,391	\$ 723,511

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
Cash flows from operating activities:					
Receipts from customers.....	\$ 8,007	\$ 118,819	\$ 91,822	\$ 42,999	\$ 261,647
Payments to suppliers.....	(5,099)	(32,650)	(65,358)	(145,292)	(248,399)
Payments to employees.....	--	(38,874)	(20,465)	(991)	(60,330)
Payments for interfund services used.....	--	(207)	(1,791)	--	(1,998)
Other receipts (payments).....	1,929	65	(7,785)	(1,389)	(7,180)
Net cash provided by (used in) operating activities	4,837	47,153	(3,577)	(104,673)	(56,260)
Cash flows from noncapital financing activities:					
Transfers in	--	--	65,257	77,909	143,166
Transfers out	--	(6,254)	(15,276)	--	(21,530)
Contributions	--	--	--	27,630	27,630
Net cash provided by (used in) noncapital financing activities	--	(6,254)	49,981	105,539	149,266
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(37)	(93,677)	(4,636)	(52)	(98,402)
Proceeds from issuing notes	--	--	9,200	--	9,200
Principal paid on operating fee obligation	--	--	(20,538)	--	(20,538)
Interest paid on operating fee obligation	--	--	(10,075)	--	(10,075)
Proceeds from issuing bonds	17,575	17	29,679	--	47,271
Principal paid on notes	--	(5,756)	(8,200)	--	(13,956)
Principal paid on bonds	(22,532)	(10,769)	(42,295)	--	(75,596)
Interest paid on notes	--	(2,698)	(87)	--	(2,785)
Interest paid on bonds	(4,731)	(29,299)	(10,166)	--	(44,196)
Net cash used in capital and related financing activities	(9,725)	(142,182)	(57,118)	(52)	(209,077)
Cash flows from investing activities:					
Purchase of investments	(294,323)	(17,568)	(245,096)	(10,290)	(567,277)
Proceeds from maturities of investments	294,323	72,879	255,259	11,843	634,304
Principal received on notes receivable	2,491	--	15,004	--	17,495
Interest received on notes receivable	2	--	7,890	--	7,892
Assets held in property management.....	(313)	--	--	--	(313)
Interest on investments	568	1,526	534	7	2,635
Net cash provided by investing activities	2,748	56,837	33,591	1,560	94,736
Net increase (decrease) in cash and cash equivalents	(2,140)	(44,446)	22,877	2,374	(21,335)
Cash and cash equivalents - July 1	22,581	59,971	20,003	3,430	105,985
Cash and cash equivalents - June 30	<u>\$ 20,441</u>	<u>\$ 15,525</u>	<u>\$ 42,880</u>	<u>\$ 5,804</u>	<u>\$ 84,650</u>

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 71	\$ 19,920	\$ (20,485)	\$ (120,338)	\$ (120,832)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,598	30,647	16,969	17,837	69,051
Other revenues	1,929	65	508	--	2,502
Writeoff of capital assets	--	376	--	--	376
Increase in accounts receivable	(83)	(77)	(1,797)	(1,778)	(3,735)
Decrease in intergovernmental receivable	--	--	1,647	--	1,647
(Increase) decrease in due from other funds	--	(63)	1,000	--	937
(Increase) decrease in parts, materials and supplies	--	503	--	(435)	68
Decrease in real estate held for sale	75	--	--	--	75
Increase in prepaid expenses and other assets	(3)	--	--	(530)	(533)
Increase (decrease) in trade accounts payables	(519)	(4,474)	(659)	798	(4,854)
Increase in reserve for insurance claims payable	--	--	--	908	908
Increase (decrease) in deferred credits	(230)	--	119	406	295
Increase (decrease) in other liabilities	--	473	(111)	(1,541)	(1,179)
Decrease in due to other funds	(1)	(217)	(768)	--	(986)
Net cash provided by (used in) operating activities	<u>\$ 4,837</u>	<u>\$ 47,153</u>	<u>\$ (3,577)</u>	<u>\$ (104,673)</u>	<u>\$ (56,260)</u>

Supplemental disclosure of noncash capital and related financing activities (amounts in thousands):

Housing

Amortization of deferred refinancing charges amounted to \$99 for the year ended June 30, 2005. Interest expense for bond premium and bond deferred loss on refunding amounted to (\$180) for the year ended June 30, 2005.

Sewer

The Sewer Fund received \$1,148 in contributions of capital assets from government agencies and developers which are recorded as contributed capital at their cost or estimated cost for the year ended June 30, 2005. Amortization of bond discount amounted to \$1,715 for the year ended June 30, 2005.

Solid Waste

Amortization of bond discount and bond issuance cost amounted to \$67 for the year ended June 30, 2005. Interest expense for bond premium and bond deferred loss on refunding amounted to (\$150) for the year ended June 30, 2005.

Public Transportation System

The Public Transportation System received contributions of capital assets from the City and County of Honolulu amounting to \$17,313 for the year ended June 30, 2005.

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Financial Statements

General Trust Fund

This fund accounts for monies received by the various agencies of the City for specific purposes, as trustee, escrow agent, custodian or security holder, for which no special fund exists.

Treasury Trust Fund

Receipts and disbursements of monies from this fund are made through commercial checking accounts authorized by the Director of Budget and Fiscal Services.

Real Property Tax Trust Fund

This fund is used for the purpose of making refunds and adjustments relating to real property taxes.

Payroll Clearance Fund

This fund is used to clear payments of all salaries and wages.

CITY AND COUNTY OF HONOLULU
STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2005
 (Amounts in thousands)

	Private-purpose Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,938	\$ 28,259
Investments	1,533	902
Accounts receivable	--	128
Due from other funds	--	76
Total assets	4,471	29,365
<u>LIABILITIES</u>		
Accounts payable	--	3,623
Other current liabilities	--	25,742
Total liabilities	--	29,365
<u>NET ASSETS</u>		
Held in trust for individuals, organizations and other governments	\$ 4,471	\$ --

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2005
 (Amounts in thousands)

	Private-purpose Trust Fund
<u>ADDITIONS</u>	
Interest	\$ 24
Collections for sundry creditors, contributions, etc.....	1,345
Total additions	1,369
<u>DEDUCTION</u>	
Payments in accordance with trust agreements	1,082
Change in net assets	287
Net assets - July 1	4,184
Net assets - June 30	\$ 4,471

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2005

1. Summary of Significant Accounting Policies

The Financial Reporting Entity

The City and County of Honolulu, State of Hawaii ("City") is a municipal corporation governed by an elected mayor and a nine-member City Council. The City operates under a City Charter, which was originally adopted in 1959 and last amended in 1998.

The accompanying financial statements present the operations of the City, as primary government, as well as its discretely presented component unit, the Board of Water Supply.

The City's operations are organized by the following general functions: general government, public safety, highways and streets, sanitation, health and human resources, culture and recreation, urban redevelopment and housing, and utilities or other enterprises.

State of Hawaii ("State") agencies assume full responsibility for several major functions usually performed by local governments such as education, welfare, health and judicial functions. These agencies are not dependent on the City and therefore, are not included in these financial statements. There are no separate city, county or township governments nor any school district, special districts, authorities or public corporations with overlapping authority presented in the accompanying financial statements.

Discretely Presented Component Unit – The component unit column in the financial statements includes the financial data of the City's discretely presented component unit, the Board of Water Supply ("Board"), which is a semi-autonomous proprietary agency of the City. It is reported in a separate column to emphasize that it is legally separate from the City.

A majority of the members of the Board, the governing body, are appointed by the Mayor and confirmed by the City Council. The Board has been granted corporate powers by the City Charter. The City does not have the authority to modify or approve the Board's budgets. Water and revenue bonds payable of the Board are general obligations of the City. As the City would be obligated to repay these bonds in the event of default by the Board, the City is financially accountable for the debts of the Board. Complete financial statements of the Board may be obtained from the Board of Water Supply, 630 South Beretania Street, Honolulu, Hawaii 96813.

Government-wide and Fund Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component unit, excluding the fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2005

a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities reflects the direct expenses of the functional category or segment, which are supported by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary (enterprise) funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, included in the fiduciary fund financial statements, apply the accrual basis of accounting but does not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amounts are determinable. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues not considered available are recorded as deferred revenues. Revenues susceptible to accrual are real property taxes collected within sixty days after fiscal year end, fuel taxes, rents and concessions, interest and special assessments. Licenses and permits revenues, franchise taxes, charges for current services, fines, forfeitures, penalties and other miscellaneous revenues are not susceptible to accrual because they are not measurable until received in cash.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2005

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are essentially two types of these revenues. For one type of revenues, monies must be expended for a specific purpose or project and revenues are recognized to the extent of such expenditures. Revenues of this type are deferred for monies received in advance of expenditures and accrued for expenditures in advance of monies received. For the other type of revenues, monies are virtually unrestricted as to purpose of the expenditure. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary funds are presented in the fund financial statement by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Fund Types – The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balances, revenues and expenditures/expenses. There are certain minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statement and detailed in the combining section.

The City has the following fund types:

Governmental Fund Types

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income.

The City's governmental fund types are as follows:

General Fund – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable

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trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, debt principal, interest and related costs.

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City maintains four proprietary enterprise fund types as well as its discretely presented component unit under the following criteria:

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises (a) where the intent of the governing body is that the costs (i.e., expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds

The City maintains the following fiduciary fund types:

Private-Purpose Trust Fund – The private-purpose trust fund is used to account for resources held by the City for the benefit of parties outside the government.

Agency Funds – Agency funds are custodial in nature and are used to receive and disburse funds for an entity/individual, which is not part of the City. Agency funds function as a clearing account and do not measure results of operations.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services,

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administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted funds first, then unrestricted resources as they are needed.

The accompanying financial statements of the City have been prepared in conformity with generally accepted accounting principles ("GAAP") for governments as prescribed by the Governmental Accounting Standards Board ("GASB"). Pronouncements of the Financial Accounting Standards Board ("FASB") issued after November 30, 1989 are not applied in the presentation of the financial statements of the proprietary fund types in accordance with GASB Statement No. 34.

- The City follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

Budgets and Budgetary Accounting

Annual operating and project-length capital budgets are adopted on a basis consistent with GAAP except that encumbrances are treated as budgeted expenditures in the year the commitments are made.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable operating budget appropriation, is employed as an extension of formal budgetary integration in the general fund and in certain special revenue funds (in the fund financial statements). Capital projects funds (in the fund financial statements) employ encumbrance accounting in order to reserve for construction contracts that portion of the applicable capital projects appropriation.

Encumbrances are recorded at the time purchase orders, construction contracts or other contracts or commitments are awarded, except for contracts awarded contingent upon the availability of nonbudgeted federal or state grant monies. Encumbrances outstanding at year end are reported as reservations of fund balances (in the fund financial statements) and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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Cash and Investments

Cash and cash equivalents are considered to be demand and time deposits primarily with various financial institutions in Hawaii, with fiscal agents, short-term investments with original maturity of three months or less from date of acquisition, and imprest and change funds. Cash on deposit with financial institutions is collateralized in accordance with State statutes.

Investments consist of participating interest-earning contracts such as investments in U.S. government securities and investments purchased under agreements to resell to banks (repurchase agreements). Investments are stated at amortized cost.

The City values investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement provides fair value standards for investments in certain types of financial instruments. The City's investments fall into categories that can be valued by cost-based measures.

Real Property Taxes

Real property taxes are assessed and billed annually. The City's real property taxes, which are levied on July 1 and billed on July 20 of each year are based on assessed valuations as of October 1, and are due in two equal installments on the following August 20 and February 20. Accordingly, real property taxes receivable at June 30 of each year are delinquent and amounts that are not collected within sixty days after June 30 of each year are reported as deferred revenue in the fund financial statements. A lien for real property taxes attaches as of July 1 of each year.

Unbilled Receivables

Included in the enterprise fund – discretely presented component unit and enterprise fund – proprietary fund type receivables at June 30, 2005, were unbilled water and sewer charges (due to the use of cycle billings) in the amounts of \$7.8 million and \$9.7 million, respectively.

Inventories of Parts, Materials and Supplies

Inventories of parts, materials and supplies are stated at weighted average cost, which approximates fair value. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Inventory of Real Estate Held for Sale

Real estate held for sale is stated at the lower of cost or estimated net realizable value, with cost being determined by the specific identification method. All estimated costs to the anticipated date of disposition are considered in the determination of estimated net realizable value. Costs include all costs directly related to the planning of improvements to be constructed on the land, interest and other carrying charges. Interest on loans used to finance development or construction activities is capitalized during the development period.

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Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets acquired prior to fiscal year ended June 30, 1980 are reported in the capital assets. Assets with an initial, individual cost of \$5,000 or more for equipment and \$100,000 for buildings, structures and infrastructure, and an estimated useful life of more than one year are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated and accepted capital assets are recorded at estimated fair market value or appraised value at time of acceptance by City Council. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs related to repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided for on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Infrastructure	8-75
Buildings and improvements	10-50
Transmission and distribution system	13-60
Equipment and machinery	5-25
Buses and other transit vehicles	7-12

Bond Issue Costs, Original Issue Discount or Premium and Deferred Losses on Refundings

Bond issue costs are deferred and are amortized over the life of the respective issue on a straight-line basis. Original issue discount or premium and deferred losses on refundings are amortized using the effective interest method over the terms of the respective issues and are added to or offset against the bonds payable in the statement of net assets.

Intrafund and Interfund Transactions

Interfund receivables and payables are reported in each fund. Transfers of financial resources between agencies and activities included in the same fund, which are recorded as revenues by the transferee and expenditures or expenses by the transferor, have been eliminated. Transactions that represent reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the reimbursed fund.

Transfers from the primary government include operating loss subsidies of \$77.9 million to the Public Transportation System and authorized transfers from funds receiving revenues to

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funds that will expend those resources. Contributions to the capital accounts of enterprise funds are reflected in the statement of revenue, expenses and changes in fund net assets.

Net Assets

Net assets comprise the various net earnings (losses) from operating and nonoperating revenues, expenses, transfers and contributed capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted net assets. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year-end are not included in the calculation of the amount invested in capital assets, net of related debt. Restricted for capital activity and debt service consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net assets consist of all other net assets not included in the above categories.

Retirement Plan Contributions

The City's contribution to the Employees' Retirement System of the State of Hawaii for fiscal year ended June 30, 2005 was based on the actuarial computation dated June 30, 2002. The employer contribution consisted of the normal cost plus a level annual payment required to amortize an unfunded actuarial accrued liability over the remaining period of 27 years from July 1, 2002.

Effective with the fiscal year beginning July 1, 2005 a dollar contribution is not determined under the provisions of Act 181/2004. Instead a fixed percentage of payroll will be contributed (15.75% for Police and Fire and 13.75% for All Other Employees).

Deferred Compensation Plan

All full-time employees of the City and its component unit are eligible to participate in the City and County of Honolulu's Public Employees' Deferred Compensation Program ("Plan"), adopted pursuant to Internal Revenue Code Section 457. The plan permits eligible employees to defer a portion of their salary until future years by contributing to a fund managed by a plan administrator. The deferred compensation amounts are not available to employees until termination, retirement, death or unforeseeable emergency.

A trust fund (annuity contract) was established to protect plan assets from claims of general creditors and from diversion to any uses other than paying benefits to participants and beneficiaries. Deferred compensation plan assets of \$327.7 million are not reported in the accompanying basic financial statements at June 30, 2005.

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Compensated Absences

The City accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employee. Vacation benefits accrue at a rate of one and three-quarters working days for each month. Each employee is allowed to accumulate a maximum of 90 days of vacation as of the end of the calendar year.

Sick leave accumulates at the rate of one and three-quarters working days for each month, without limit. Sick leave is taken only in the event of illness and is not convertible to pay; accordingly, sick leave is not accrued in the accompanying financial statements. Employees who retire or leave government service in good standing with sixty or more unused sick leave days are entitled to an additional service credit in the retirement system. At June 30, 2005, accumulated sick leave amounted to \$305.5 million.

Leases

Leases that transfer substantially all of the risks and benefits of ownership are accounted for as capital leases. Other leases are operating leases. Capital leases are included in fixed assets and, where appropriate, are amortized over the shorter of their estimated economic useful lives or lease terms. The related capital lease obligations are included in long-term debt. Operating leases are expensed (or expensed) when the related liability is incurred.

Enterprise Funds

The City maintains five enterprise funds consisting of the Public Transportation System ("PTS"), the Solid Waste Special Fund, the Sewer Fund and the Housing Development Special Fund, which are included in the proprietary fund type, and the Board of Water Supply, which is a discretely presented component unit.

Information describing these enterprise funds, including significant accounting policies, is described in Notes 11 and 15.

Deficit Balances

At June 30, 2005 the \$117.3 million accumulated deficit in the Solid Waste Special Fund resulted from deficits of H-POWER due to transfers to the general fund and due to operating losses. It is anticipated that the City will continue to provide significant operating subsidies to the H-POWER facility to finance operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses/expenditures, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

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New Accounting Pronouncements

In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2004. The City has not yet determined the effect this Statement will have on its financial statements.

In May 2004, the GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section – an amendment of NCGA Statement 1*. This Statement establishes and modifies requirements related to the supplementary information presented in the statistical section that accompanies the basic financial statements. The provisions of this Statement are effective for statistical sections prepared for periods beginning after June 15, 2005. The City has early-implemented GASB 44 for fiscal year 2005. GASB 44 has resulted in the categorization of statistical information into the following five categories: financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information .

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition and display of other postretirement benefits expense/expenditures and related liabilities (assets), note disclosures and required supplementary information in the financial reports of state and local governmental employers. The provisions of this Statement are effective for the City for periods beginning after December 15, 2006. The City has not yet determined the effect this Statement will have on its financial statements.

In December 2004, the GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government can compel a government to honor. This Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The provisions of this Statement are effective for the City for periods beginning after June 15, 2005. The City has not yet determined the effect this Statement will have on its financial statements.

In June 2005, the GASB issued Statement No. 47, *Accounting for Termination Benefits*. The Statement provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. The provisions of this Statement are effective for the City for periods

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beginning after June 15, 2005. The City has not yet determined the effect this Statement will have on its financial statements.

Financial Statement Presentation

Certain prior year information has been presented in the supplementary fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds.

2. Budgets and Budgetary Accounting

On or before March 2, the Mayor submits to the City Council proposed operating and capital budgets for the ensuing fiscal year commencing on July 1. The budgets are on a basis consistent with GAAP except that encumbrances are treated as budgeted expenditures in the year the commitments are made. After public hearings, and on or prior to June 15, the budgets are legally enacted through passage of a budget ordinance by the City Council.

Formal budgetary integration is employed (i.e., annual operating budgets are legally adopted) for the general fund and special revenue funds. Effective budgetary control for debt service, trust and agency, and revolving funds is achieved through bond indentures, contractual provisions and legislation. Formal budgetary integration is not employed for capital projects because effective budgetary control is achieved through contractual provisions and project oversight. Flexible budgeting (i.e., the relationship of costs to revenues) is employed for enterprise funds.

Appropriations lapse at the end of the fiscal year if not expended or encumbered, except that appropriations for capital projects lapse six months after the end of the fiscal year if not at least partially expended or encumbered. Certain federal and state grant funds are automatically appropriated when received.

The Mayor is authorized to transfer appropriations between activities within a department subject to certain limitations. To transfer appropriations between departments, the legal level of budgeting, amendments must be made to the enacted budget ordinance. Only the Mayor may propose amendments to the enacted budget ordinance.

The financial statements aggregate budgetary information at the functional level. The legal level of budgetary control (i.e., department level) is reported in the individual fund statements.

The budget figures presented include all amendments to the enacted budget ordinances. During the year, a supplementary appropriations ordinance was adopted. The overall effect of this supplementary appropriations ordinance on the budget was not significant.

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3. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance of total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that, "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. However, all current and long-term liabilities are reported in the statement of net assets. The details of this \$1.8 billion difference are as follows (amounts in thousands):

Long-term liabilities (see Note 8)	\$ (1,798,860)
Accrued interest payable and other	<u>(23,286)</u>
	<u><u>\$ (1,822,146)</u></u>

The government fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances of total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states that, "Governmental funds report capital outlays as expenditures. The statement of activities reports depreciation expense on capital assets." The details of this \$70.6 million difference are as follows (amounts in thousands):

Capital outlays	\$ 136,870
Depreciation expense	<u>(66,316)</u>
	<u><u>\$ 70,554</u></u>

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Another element of that reconciliation states that, "Proceeds from the issuance of long-term debt are reported as providing current financial resources in the governmental funds, but are reported as long-term debt in the government-wide financial statements. Repayment of such debt is reported as an expenditure for governmental funds but is reported as a reduction of debt in the government-wide financial statements." The details of this \$124.1 million difference are as follows (amounts in thousands):

Debt Issued:

General obligation bonds, net	\$ (343,813)
Tax-exempt commercial paper	(165,800)
Total	(509,613)

Principal Repayments:

General obligation bonds, net	192,309
Tax-exempt commercial paper	191,800
Other long-term debt	1,375
Total	385,484
Net adjustment	\$ (124,129)

Another element of that reconciliation states that, "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$483,000 difference are as follows (amounts in thousands):

Compensated absences	\$ (3,886)
Claims and judgments	(1,986)
Early incentive retirement payable	9,120
Other	(2,765)
Net adjustment	\$ 483

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4. Cash and Investments

The City maintains a cash and investment pool that is used by all funds, except the workers' compensation trust fund, which is held separately by the independent plan administrator. Each of the funds' portions of this pool is displayed in the accompanying financial statements.

Cash and Cash Equivalents

The City's demand deposits, including those of its fiduciary funds and component unit, are for the most part fully insured or collateralized with securities held by the City or its agents in the City's name. Section 38-3, Hawaii Revised Statutes and the City's policy on collateralization govern acceptable forms of collateral. As of June 30, 2005, only \$5.7 million of the City's demand deposits were not collateralized or insured.

Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of other states, cities, and counties, mutual funds and bank repurchase agreements. Investments in repurchase agreements are primarily U.S. government or federal agency securities.

Credit Risk and Foreign Currency Risk

The City invests in obligations of the U.S. government, so it is not exposed to any credit rate risk or foreign currency risk.

Interest Rate Risk

The City does not have a formal investment policy that relates to interest rate risk. However, the City structures the investment portfolio so that securities mature to meet cash requirements for ongoing operations avoiding the need to sell securities on the open market prior to maturity. This practice decreases the City's exposure to risk caused by the fluctuation in interest rates. The City also invests in operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. As of June 30, 2005, the City had no investments in money market mutual funds or external investment pools.

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The fair value and maturities of investments as of June 30, 2005 were as follows:

	Reported Amount	Fair Value	Investment Maturity in Years			
			Less than One	1 to 5	6 to 10	More than 10
Primary Government:						
Repurchase agreements	\$ 7,889	\$ 7,889	\$ 7,889	\$ -	\$ -	\$ -
U.S. government securities	6,998	7,525	3,411	4,114	-	-
	<u>\$ 14,887</u>	<u>\$ 15,414</u>	<u>\$ 11,300</u>	<u>\$ 4,114</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit:						
U.S. government securities	<u>\$ 124,053</u>	<u>\$ 124,053</u>	<u>\$ 70,744</u>	<u>\$ 53,309</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Funds:						
Repurchase agreements	\$ 1,708	\$ 1,708	\$ 1,708	\$ -	\$ -	\$ -
U.S. government securities	727	727	727	-	-	-
	<u>\$ 2,435</u>	<u>\$ 2,435</u>	<u>\$ 2,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

5. Receivables

Receivable balances, net of allowances for uncollectible accounts, at June 30, 2005 consisted of the following (amount in thousands):

	Governmental Activities	Business-Type Activities
Real property taxes	\$ 6,008	\$ -
Accounts	2,092	34,291
Special assessments	14,554	-
Notes	61,398	-
Intergovernmental	47,618	-
Interest	421	1,327
CASE fees	6,600	-
Allowance for uncollectible accounts	(462)	(5,893)
	<u>\$ 138,229</u>	<u>\$ 29,725</u>

The only receivables not expected to be collected within one year are the noncurrent portion of the notes receivable in the amount of \$57.6 million, which are generally due to the City on various dates through 2055.

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6. Capital Assets

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2005 (amounts in thousands):

	Primary Government			Balance at June 30, 2005
	Balance at July 1, 2004	Additions	Retirements/ Transfers	
Governmental Activities:				
Depreciable Assets –				
Infrastructure	\$ 777,485	\$ 13,143	\$ (294)	\$ 790,334
Buildings and improvements	926,022	35,305	(2,568)	958,759
Equipment and machinery	222,358	10,500	(9,110)	223,748
Total depreciable assets	<u>1,925,865</u>	<u>58,948</u>	<u>(11,972)</u>	<u>1,972,841</u>
Less Accumulated Depreciation –				
Infrastructure	(394,592)	(18,754)	294	(413,052)
Buildings and improvements	(307,337)	(31,245)	20	(338,562)
Equipment and machinery	(138,744)	(16,317)	6,971	(148,090)
Total accumulated depreciation	<u>(840,673)</u>	<u>(66,316)</u>	<u>7,285</u>	<u>(899,704)</u>
	1,085,192	(7,368)	(4,687)	1,073,137
Land	477,703	6,284	(1,847)	482,140
Construction Work in Progress	<u>169,739</u>	<u>141,362</u>	<u>(63,190)</u>	<u>247,911</u>
Governmental activities – capital assets, net	<u><u>\$1,732,634</u></u>	<u><u>\$ 140,278</u></u>	<u><u>\$ (69,724)</u></u>	<u><u>\$1,803,188</u></u>

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	Primary Government			Balance at June 30, 2005
	Balance at July 1, 2004	Additions	Retirements/ Transfers	
Business-type Activities:				
Depreciable Assets –				
Infrastructure	\$ 794,390	\$ 13,688	\$ (27)	\$ 808,051
Buildings and improvements	653,325	3,628	(5,194)	651,759
Equipment and machinery	467,339	13,991	(9,238)	472,092
Total depreciable assets	<u>1,915,054</u>	<u>31,307</u>	<u>(14,459)</u>	<u>1,931,902</u>
Less Accumulated Depreciation –				
Infrastructure	(85,161)	(18,006)	(1,031)	(104,198)
Buildings and improvements	(123,530)	(17,738)	416	(140,852)
Equipment and machinery	(301,018)	(33,307)	9,139	(325,186)
Total accumulated depreciation	<u>(509,709)</u>	<u>(69,051)</u>	<u>8,524</u>	<u>(570,236)</u>
	1,405,345	(37,744)	(5,935)	1,361,666
Land	118,122	6,392	-	124,514
Construction Work in Progress	269,928	102,926	(15,375)	357,479
Business-type activities – capital assets, net	<u>\$1,793,395</u>	<u>\$ 71,574</u>	<u>\$ (21,310)</u>	<u>\$1,843,659</u>
Component Unit				
Depreciable Assets –				
Infrastructure	\$1,020,004	\$ 7,310	\$ 18,313	\$1,045,627
Buildings and improvements	121,882		69	121,951
Equipment and machinery	178,416	2,267	(726)	179,957
Total depreciable assets	<u>1,320,302</u>	<u>9,577</u>	<u>17,656</u>	<u>1,347,535</u>
Less Accumulated Depreciation –				
Infrastructure	(342,731)	(22,897)	843	(364,785)
Buildings and improvements	(31,265)	(2,922)	-	(34,187)
Equipment and machinery	(92,885)	(9,390)	1,102	(101,173)
Total accumulated depreciation	<u>(466,881)</u>	<u>(35,209)</u>	<u>1,945</u>	<u>(500,145)</u>
	853,421	(25,632)	19,601	847,390
Land	30,090	2,210	-	32,300
Construction Work in Progress	155,756	64,782	(21,791)	198,747
Component unit – capital assets, net	<u>\$1,039,267</u>	<u>\$ 41,360</u>	<u>\$ (2,190)</u>	<u>\$1,078,437</u>

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Depreciation expense was charged as follows (amounts in thousands):

Governmental Activities:

General government	\$ 12,925
Public safety	22,129
Highways and streets	13,626
Health and human services	596
Culture-recreation	<u>17,040</u>
Total depreciation expense – governmental activities	<u><u>\$ 66,316</u></u>

Business-type Activities:

Sewer	\$ 30,647
Solid waste	16,969
Housing	3,598
Public Transportation System	<u>17,837</u>
Total depreciation expense – business-type activities	<u><u>\$ 69,051</u></u>

Component Unit:

Board of Water Supply (\$1,000 of depreciation expense was capitalized to projects)	<u><u>\$ 34,208</u></u>
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7. Interfund Balances

The following is a summary of amounts due from and due to other funds at June 30, 2005 (amounts in thousands):

	Due From Other Funds	Due to Other Funds
General Fund	\$ 29,939	\$ 1,152
Highway Fund	-	50
G.O. Bond and Interest Redemption Fund	-	1,813
General Improvement Bond Fund	113	4,015
Nonmajor Governmental Funds	1,181	28,408
Fiduciary Funds	76	-
Enterprise Funds:		
Sewer Fund	4,169	-
Solid Waste Special Fund	95	135
	<u><u>\$ 35,573</u></u>	<u><u>\$ 35,573</u></u>

There are no interfund balances that are not expected to be repaid by June 30, 2006.

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The following is a summary of amounts transferred from and transferred to other funds at June 30, 2005 (amounts in thousands):

	Transferred From Other Funds	Transferred To Other Funds
General Fund	\$ 61,978	\$ 273,727
Highway Fund	-	79,458
G.O. Bond and Interest Redemption Fund	163,449	-
Nonmajor Governmental Funds	29,500	28,116
Enterprise Funds:		
Housing Development Special Fund	-	-
Sewer Fund	-	6,254
Solid Waste Special Fund	61,985	7,266
Public Transportation System	77,909	-
	<u>\$ 394,821</u>	<u>\$ 394,821</u>

The main purpose for these interfund transfers, as provided by ordinance, are: for the recovery of central administrative expenses to the general fund; for debt service payments and recoveries to the general fund; and for debt service payments and operating subsidies from the general fund.

There are no significant transfers that either are non-recurring or are inconsistent with the fund making the transfer.

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8. Long-Term Liabilities

The following is a summary of changes in long-term liabilities included in the governmental activities, business-type activities, and the component unit during the fiscal year ended June 30, 2005 (amounts in thousands):

	Balance at July 1, 2004	Additions	Reductions	Balance at June 30, 2005	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 1,438,194	\$ 325,520	\$ 184,497	\$ 1,579,217	\$ 61,212
Tax-exempt commercial paper	63,942	165,800	191,800	37,942	37,942
Special assessment bonds with government commitment	1,010	-	365	645	355
Notes payable to federal and state governments	6,836	-	360	6,476	375
Capital lease obligations (Note 12)	103	-	103	-	-
Installment purchase contracts	1,475	-	547	928	928
Compensated absences	75,503	27,216	23,330	79,389	4,445
Claims and judgments (Note 13)	66,885	19,568	17,582	68,871	17,500
Early incentive retirement payable	9,120	-	9,120	-	-
	<u>1,663,068</u>	<u>538,104</u>	<u>427,704</u>	<u>1,773,468</u>	<u>122,757</u>
Add unamortized premium	35,009	26,501	9,632	51,878	-
Less:					
Unamortized discount	(796)	-	(335)	(461)	-
Deferred loss on refunding	(19,302)	(8,208)	(1,485)	(26,025)	-
Total	<u>\$ 1,677,979</u>	<u>\$ 556,397</u>	<u>\$ 435,516</u>	<u>\$ 1,798,860</u>	<u>\$ 122,757</u>
Business-Type Activities:					
General obligation bonds	\$ 354,231	\$ 46,250	\$ 73,746	\$ 326,735	\$ 36,888
Revenue bonds	702,925	-	1,140	701,785	3,550
Tax-exempt commercial paper	10,858	9,200	8,199	11,859	11,859
Notes payable to state governments	79,880	-	5,757	74,123	5,894
Operating fee obligation (Note 11)	90,504	-	2,594	87,910	4,339
Estimated liability for landfill closure and post closure care costs (Note 14)	15,272	-	315	14,957	-
	<u>1,253,670</u>	<u>55,450</u>	<u>91,751</u>	<u>1,217,369</u>	<u>62,530</u>
Add unamortized premium	3,437	3,867	1,211	6,093	-
Less:					
Unamortized discount	(24,442)	-	(1,871)	(22,571)	-
Deferred loss on refunding	(913)	(2,571)	(70)	(3,414)	-
Total	<u>\$ 1,231,752</u>	<u>\$ 56,746</u>	<u>\$ 91,021</u>	<u>\$ 1,197,477</u>	<u>\$ 62,530</u>
Discretely Presented Component Unit:					
Revenue bonds	\$ 217,180	\$ -	\$ 2,135	\$ 215,045	\$ 3,070
Add unamortized premium	4,825	-	242	4,583	-
Less:					
Unamortized discount	(559)	-	(20)	(539)	-
Deferred loss on refunding	(510)	-	(255)	(255)	-
Total	<u>\$ 220,936</u>	<u>\$ -</u>	<u>\$ 2,102</u>	<u>\$ 218,834</u>	<u>\$ 3,070</u>

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General Obligation Bonds

The City issues general obligation bonds for the construction of major capital facilities. General obligation bonds in the governmental activities are direct obligations of the City for which its full faith and credit are pledged. Debt service is paid from the debt service fund. These bonds were issued during the fiscal years 1977 through 2005 in the original amount of \$2.5 billion, less discounts of \$461,388 and adjusted for a premium of \$51.9 million at June 30, 2005, which are being amortized over the related term of the bonds. These bonds bear interest at 2.00% to 9.32%, and mature serially through fiscal year 2030. General obligation debt authorized but not yet issued amounted to \$440.6 million at June 30, 2005.

General obligation bonds in the City's business-type activities are expected to be paid from their respective revenues. These instruments are also direct obligations of the City for which its full faith and credit is pledged. These bonds were issued during the fiscal years 1991 through 2005 in the original amount of \$943.9 million, less a discount of \$148,056 and adjusted for a premium of \$6.1 million at June 30, 2005, which are being amortized over the related term of the bonds. These bonds bear interest at 2.28% to 9.32%, and mature serially through fiscal year 2030.

In May 2005, the City issued general obligation refunding bonds in the aggregate amount of \$371.8 million in four series: Series 2005A for \$186.5 million, Series 2005B for \$27.3 million and Series 2005C for \$76.8 million and Series 2005D for \$81.2 million. The bonds bear interest at 3% to 5% and mature annually on July 1, 2009 through 2029. The entire 2005 series of bonds are subject to redemption, at the option of the City, in whole or in part, in any order of maturity on or after July 1, 2015. Proceeds from the bonds were used to refund certain outstanding general obligations and certain tax-exempt commercial paper of the City. All of the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statements. The premium generated by each issue will be amortized and credited to interest expense over the life of the related bonds.

The City advance refunded those certain outstanding general obligations to level overall debt service requirements in future years. The Series 2005A currently refunded various Tax Exempt Commercial Paper. The Series 2005B refunded various bonds decreasing debt service payments by \$42,366 with an economic gain of \$1.1 million. The Series 2005C refunded a portion of the Series 2003A decreasing debt service by \$6.1 million with an economic gain of \$2.4 million. The Series 2005D refunded various bonds decreasing debt service payments by \$4.0 million at an economic gain of \$1.9 million.

Short-term general obligation tax-exempt commercial paper in a maximum aggregate principal amount not to exceed \$250.0 million outstanding at any time was authorized for issuance by the City, in accordance with Ordinance 04-36. The \$49.8 million commercial paper

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outstanding at June 30, 2005 bear interest at variable rates (2.5% to 2.55% at June 30, 2005) with varying maturities to a maximum of 270 days from the respective date of issue. In connection with the issuance, the City entered into an irrevocable letter of credit agreement in which the City may borrow up to \$250.0 million for payment of principal and up to \$22.2 million for payment of interest. There were no drawings on the letter of credit during fiscal 2005.

Interest on the Series 2001C variable-rate general obligation bonds have been set at 2.28% till November 30, 2005. The Series 2001C was advance refunded on November 22, 2005.

Revenue Bonds

Water system revenue bonds in the City's component unit were issued during fiscal years 2001, 2002 and 2004 in the original amount of \$221.0 million. Water system revenue bonds are subject to redemption on and after specified dates prior to maturity at the option of the Board at a price equal to 100% of the principal amount thereof, plus accrued interest. The bonds bear interest at variable rates (2.0% to 5.5% at June 30, 2005) and mature serially through July 1, 2033. Proceeds from the bonds were primarily used to fund the acquisition of a water reclamation facility, to fund capital improvement projects and to retire outstanding bonds. The revenue bonds are collateralized by the component unit's revenues.

Wastewater system revenue bonds in the City's business-type activities were issued during fiscal years 1999 through 2003, in the original amount totaling \$706.1 million, less a discount (\$22.4 million at June 30, 2005, which is being amortized over the related term of the bond). The bonds are subject to redemption, at the option of the City, prior to maturity, on or after July 1, 2011. The bonds bear interest at 2.5% to 5.5% at June 30, 2005 and mature at various dates through fiscal year 2033. The revenue bonds are collateralized by the wastewater system revenues.

Annual debt service requirements to maturity for general obligation bonds (including tax-exempt commercial paper) and revenue bonds at June 30, 2005, including interest of \$1.6 billion, were as follows (amounts in thousands):

Year Ending June 30:	Governmental Activities		Business-Type Activities		Primary Government Total		Component Unit	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2006	\$ 71,527	\$ 99,154	\$ 48,645	\$ 52,297	\$ 120,172	\$ 151,451	\$ 9,041	\$ 3,070
2007	73,024	72,288	46,627	43,040	119,651	115,328	8,925	4,220
2008	69,728	80,719	44,096	47,595	113,824	128,314	8,810	4,350
2009	65,842	82,819	41,249	50,195	107,091	133,014	8,674	4,505
2010	61,272	102,251	38,870	37,844	100,142	140,095	8,517	4,685
2011 - 2015	227,161	487,952	149,730	187,531	376,891	675,483	39,958	26,570
2016 - 2020	124,845	360,762	152,478	163,786	277,323	524,548	33,906	33,295
2021 - 2025	57,292	195,359	87,974	200,646	145,266	396,005	25,785	42,395
2026 - 2030	15,781	135,855	36,878	201,500	52,659	337,355	15,181	54,085
2031 - 2035	-	-	3,891	55,945	3,891	55,945	3,073	37,870
Total	<u>\$ 766,472</u>	<u>\$1,617,159</u>	<u>\$ 650,438</u>	<u>\$1,040,379</u>	<u>\$1,416,910</u>	<u>\$2,657,538</u>	<u>\$ 161,870</u>	<u>\$ 215,045</u>

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Total interest costs incurred by the business-type activities and the component unit for the fiscal year ended June 30, 2005 was \$63.5 million, of which \$12.4 million was capitalized.

Other Long-Term Debt

In December 1994, the City issued \$4.4 million of special assessment refunding bonds, which bear interest at variable rates (6.7% at June 30, 2005) and require annual principal and interest payments through fiscal year 2007. These bonds are collateralized by liens on the properties the assessments are levied against and are term bonds subject to prior redemption based on the availability of funds. They are reported under the governmental activities column of the City's government-wide statement of net assets because, should collections of special assessments be insufficient, the City is authorized to use funds in the improvement district revolving fund to make principal and interest payments. These bonds amounted to \$645,000 at June 30, 2005.

The note payable to federal government is for the City's share of costs for a federal project to develop recreational facilities and fish and wildlife resources at the Kaneohe Reservoir. The note bears interest at 5.1% and requires annual principal and interest payments through fiscal year 2016. The note amounted to \$3.0 million at June 30, 2005.

The notes payable to state government are for the construction of necessary treatment works and for other projects intended for wastewater reclamation or waste management. The notes amounted to \$77.6 million at June 30, 2005, bear interest at 2.06% to 3.02%, and require annual principal and interest payments through fiscal year 2023.

The City also utilizes installment purchase contracts to finance purchases of equipment. The equipment is recorded at cost.

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Annual debt service requirements to maturity for other long-term debt (includes the City's governmental and business-type activities) at June 30, 2005, including interest of \$20 million, were as follows (amounts in thousands):

	Special Assessment Bonds		Notes, Leases and Contracts		Total	
	Interest	Principal	Interest	Principal	Interest	Principal
Year Ending June 30:						
2006	\$ 32	\$ 355	\$ 2,823	\$ 7,197	\$ 2,855	\$ 7,552
2007	10	290	2,637	6,426	2,647	6,716
2008	-	-	2,447	6,587	2,447	6,587
2009	-	-	2,250	6,755	2,250	6,755
2010	-	-	2,050	6,924	2,050	6,924
2011-2015	-	-	6,460	32,108	6,460	32,108
2016-2020	-	-	1,323	14,587	1,323	14,587
2021-2023	-	-	45	943	45	943
Total	<u>\$ 42</u>	<u>\$ 645</u>	<u>\$ 20,035</u>	<u>\$ 81,527</u>	<u>\$ 20,077</u>	<u>\$ 82,172</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the City's general and highway funds.

Refunded Bonds

The City and the Board of Water Supply defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the assets of the irrevocable trusts and the liability for the defeased bonds are not included in the City's basic financial statements. At June 30, 2005, \$662.4 million of the City's and \$40.7 million of the Board of Water Supply's bonds outstanding were considered defeased.

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9. Net Assets

At June 30, 2005, net assets of the primary government consisted of the following (amounts in thousands):

	Governmental Activities	Business-Type Activities
Invested in Capital Assets, Net of Related Debt:		
Net property, plant and equipment	\$ 1,803,188	\$ 1,843,659
Less:		
General obligation bonds payable, net	(1,604,609)	(329,260)
Revenue bonds payable, net	-	(679,367)
Notes payable and other long-term debt	(8,049)	(74,123)
Tax-exempt commercial paper	(37,942)	(11,858)
Amount of debt related to unspent debt proceeds	3,344	10,135
	155,932	759,186
Restricted for Debt Service	1,053	26,882
Unrestricted	95,024	(62,557)
Total net assets	\$ 252,009	\$ 723,511

10. Employee Benefit Plans

Defined Benefit Pension Plans

Plan Description – Substantially all eligible employees of the City are members of the Employees’ Retirement System of the State of Hawaii (“ERS”), a cost-sharing multiple-employer defined benefit pension plan. The ERS provides retirement benefits as well as death and disability benefits and is governed by a Board of Trustees. All contributions, benefits and eligibility requirements are established by HRS Chapter 88, and can be amended by legislative action.

The ERS is composed of a contributory retirement plan and a noncontributory retirement plan. Prior to June 30, 1984, the plan consisted of only a contributory option. In 1984, legislation was enacted to create a new noncontributory option for members of the ERS who are also covered under social security. Persons employed in positions not covered by social security are precluded from the noncontributory option. The noncontributory option provides for reduced benefits and covers most eligible employees hired after June 30, 1984. Employees hired before that date were allowed to continue under the contributory option or to elect the new noncontributory option and receive a refund of employee contributions. All benefits vest after five and ten years of credited service under the contributory and noncontributory options, respectively. Both options provide a monthly retirement allowance based on the employee’s age, years of credited service, and

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average final compensation ("AFC"). The AFC is the average salary earned during the five highest paid years of service, including the vacation payment, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after that date and prior to January 1, 2003 is based on the three highest paid years of service, excluding the vacation payment. Effective January 1, 2003, the AFC is the highest three calendar years or highest five calendar years plus lump sum vacation payment, or last 36 credited months or last 60 credited months plus lump sum vacation payment.

Most covered employees of the contributing option are required to contribute 7.8% or 12.2% of their salary. The City is required to contribute the remaining amounts necessary to pay contributory plan benefits and all amounts necessary to pay noncontributory benefits when due. The funding method used to calculate the total employer contribution requirement is the Entry Age Normal Actuarial Cost Method. Under this method, employer contributions to the ERS are comprised of normal cost plus level annual payments required to amortize the unfunded actuarial accrued liability over the remaining period of 29 years from July 1, 2000. The City's contributions to the ERS, inclusive of its component unit, for the fiscal years ended June 30, 2003, 2004 and 2005 were \$18.5 million, \$33.3 million and \$47.7 million, respectively, which were equal to the required contributions for each year.

The 2004 State of Hawaii legislative sessions approved a New Hybrid retirement plan, which goes into effect on July 1, 2006. Employees who choose to be under this plan will be required to contribute 6.0% of their salary and will receive pensions based on a 2.0% benefit formula instead of a 1.25% benefit formula under the current non-contributory plan. The hybrid plan does not affect the City's contributions to the ERS.

The ERS issues a Comprehensive Annual Financial Report that may be obtained by writing to the Employees' Retirement System of the State of Hawaii, 201 Merchant Street, Suite 1400, Honolulu, Hawaii 96813.

Post-Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State of Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") provides certain health care (medical, prescription, vision and dental) and life insurance benefits for retired City employees. Act 88 established the EUTF during the 2001 legislative session and is codified in Chapter 87A, Hawaii Revised Statutes. Contributions are based on negotiated collective bargaining agreements and are limited by State statute to the actual cost of benefit coverage. Prior to July 1, 1996, the City pays for 100% of these benefits for employees who have at least 10 years of service. According to Act 217, SLH 1995, employees hired after June 30, 1996 with 25 years or more of service receive 100% employer funding. The City's share of the cost of these benefits is prorated for employees with less than 25 years of service. The City also reimburses 100% of Medicare

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premium costs for retirees and qualified dependents (through the State) who are at least 65 years of age and have at least 10 years of service. Currently, approximately 9,800 retirees and qualified dependents are receiving post retirement health care and benefits paid for by the City. The City's contributions for post retirement benefits, which are funded on a pay-as-you-go basis, amounted to \$44.6 million and \$39.1 million for the fiscal years ended June 30, 2005 and 2004, respectively.

11. Enterprise Funds

The City maintains five enterprise funds: the Housing Development Special Fund, the Sewer Fund, the Solid Waste Special Fund and the Public Transportation System, which are business-type activities, and the Board of Water Supply, which is a discretely presented component unit.

Housing Development Special Fund

The City created the Housing Development Special Fund to develop affordable housing for sale or for rental. At June 30, 2005, the City had \$106.3 million of general obligation bonds outstanding, which were used to finance the development of various residential lots and recreational facilities.

Sewer Fund

The Sewer Fund was created to account for the operations of the City's wastewater system and is operated primarily through user charges. The Sewer Fund also accounts for the proceeds of revenue bonds issued to pay all or part of those appropriations for improvements, repairs, and maintenance of the wastewater treatment system.

Solid Waste Special Fund

The Solid Waste Special Fund accounts for the following activities related to the operations of the refuse division:

- the City's refuse collection and disposal operations, which are funded primarily through general fund subsidies.
- the recycling program revenues assessed as 12.0% of refuse disposal charges and are expended for the establishment, operation, management and expansion of the City's recycling programs, including programs for waste reduction, development of recycling markets and recycling awareness.
- the glass incentive program revenues derived for the recycling of glass containers and paying incentives to glass recyclers.

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- operation of the solid waste disposal and energy and materials recovery project (“H-POWER Facility”).

H-POWER Facility

The City has agreements with Honolulu Resource Recovery Venture (“HRRV”) to operate a solid waste disposal and energy recovery project, the Honolulu Program of Waste Energy Recovery (the “H-POWER Facility”). The H-POWER Facility processes and disposes of solid waste and, together with combustion facilities, produces steam used for the generation of electricity. Revenues are generated from user tip fees and from the sale of energy products and recovered materials. The operating agreement with HRRV has a 20-year term, and the H-POWER Facility’s revenues and expenses are reported in the accompanying financial statements. The operating agreements also require a supplemental operating fee to be paid by the City equivalent to the ground lease payments. The H-POWER Facility commenced commercial operations on May 21, 1990, and the City has a 20-year contract to sell electricity generated to a utility company.

In November 1989, the City sold the H-POWER Facility for \$312.5 million, receiving an \$80.0 million cash payment and a 20-year note for \$232.5 million with interest at 8.04%. On the same date, HRRV entered into a 20-year lease for the H-POWER Facility with the new owner. Although the City is not a party to this lease agreement, the operating fee to be paid by the City to HRRV was increased by an amount equal to the lease payments. Accordingly, the H-POWER Facility has been recorded as an asset and a liability in the H-POWER Facility enterprise fund at an amount equal to the present value of this increase in the operating fee for the lease payments.

In November 1989, the City leased the land underlying the H-POWER Facility to the owner of the H-POWER Facility for 35 years.

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The note receivable and the obligation for the increase in the operating fee for the H-POWER facility lease payments (\$83.1 million and \$171.0 million at June 30, 2005, respectively) have been offset for financial statement reporting purposes. At June 30, 2005, future payments are as follows (amounts in thousands):

Year Ending June 30:	Operating Fee Obligation	Note Receivable	Difference
2006	\$ 30,613	\$ 24,294	\$ 6,319
2007	30,613	21,881	8,732
2008	30,613	21,338	9,275
2009	30,613	29,401	1,212
2010	<u>93,114</u>	<u>5,013</u>	<u>88,101</u>
Subtotal	215,566	101,927	113,639
Less: Amount representing interest	<u>44,520</u>	<u>18,791</u>	<u>25,729</u>
Total	<u>\$ 171,046</u>	<u>\$ 83,136</u>	<u>\$ 87,910</u>

At June 30, 2005, the City had \$91.9 million of general obligation bonds outstanding, which were used to finance the construction of the H-POWER Facility.

Public Transportation System

The Department of Transportation Services oversees the administration and operation of the Public Transportation System (the City's bus and paratransit systems or "PTS") on the island of Oahu.

The City has an agreement with Oahu Transit Services, Inc. ("OTS"), which expires on September 30, 2007, to provide for the management of the City's bus and paratransit systems. OTS provides the employees to operate and manage the bus and paratransit systems. The City reimburses OTS for operating expenses. The annual management fee for the period October 1, 2004 through September 30, 2005 is \$395,000, which increases to \$410,000 for the following year, and further increases to \$425,000 for the remaining year.

The agreement provides that the City furnish, but retain title to, the transit buses, paratransit buses, properties, facilities and equipment used in the systems. Revenues collected by OTS, excluding management fees, are the property of the City and are remitted to a depository controlled by the City.

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Other Assets – OTS established trust funds for the purpose of maintaining adequate funds for expenses incurred through its workers' compensation, general, and auto liability self-insurance programs. At June 30, 2005, these assets held by OTS amounted to \$1,976,000.

Reserve for Insurance Claims Payable – The City sponsors an automotive and general liability self-insurance program for OTS. The self-insurance program is for claims up to \$1.0 million, which increased to \$3.0 million effective July 1, 2004. The City also has a workers' compensation self-insurance program, which covers OTS claims up to \$300,000 per occurrence for policy periods through June 30, 1995, \$250,000 per occurrence from July 1, 1995 through June 30, 2001, and \$1.0 million per occurrence from July 1, 2001 through June 30, 2004, increasing to \$3.0 million effective July 1, 2004. OTS has obtained excess insurance coverage for general liability, automotive claims and workers' compensation through various insurance companies for amounts in excess of claims covered under the two self-insurance programs.

12. Commitments

Leases

The City leases equipment and office space under capital and operating leases, which expire at various dates through fiscal 2028. The cost of equipment recorded under capital lease arrangements and included in capital assets amounted to \$5.9 million, which was fully depreciated and paid as of June 30, 2005.

Future minimum obligations under operating leases at June 30, 2005 were as follows (amounts in thousands):

Year Ending June 30:	Operating Leases
2006	\$ 2,939
2007	2,390
2008	1,877
2009	1,115
2010	854
2011-2015	911
2016-2020	398
2021-2025	398
2026-2028	199
Total minimum payments	<u>\$ 11,081</u>

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Certain leases provide for payment of common area charges and for periodic renegotiation of rents. Rent expense under operating leases, principally recorded in the general fund, amounted to \$5.3 million for the fiscal year ended June 30, 2005.

The City leases to others concession rights and real property under operating leases, which expire at various dates through fiscal 2048. Certain leases provide for periodic renegotiation of rents. Future minimum rental income under such leases at June 30, 2005 were as follows (amounts in thousands):

Year Ending June 30:

2006	\$	7,270
2007		7,121
2008		5,340
2009		4,757
2010		4,605
2011-2015		19,697
2016-2020		18,631
2021-2025		17,064
2026-2030		912
2031-2035		892
2036-2040		832
2041-2045		789
2046-2048		255
Total minimum rental income	\$	<u>88,165</u>

Other Commitments

Business-type activities, which do not employ encumbrance accounting, have contractual commitments of approximately \$318.7 million at June 30, 2005, primarily for construction contracts, which includes the Board's commitments of \$170.8 million. Other contractual commitments for the expenditure of City monies are encumbered in the governmental funds.

Litigation

OTS and the City are involved in various lawsuits arising from the normal operations of the City bus and paratransit systems. Claims for punitive damages related to certain lawsuits may not be covered by insurance. As provided in the management agreement with the City, the City indemnifies OTS from any and all claims made against OTS and the City for legal liability, damages and injuries where such claims are reasonably related to the providing of mass transportation services.

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13. Contingent Liabilities

The City is exposed to various risks of loss due to claims filed against the City for personal injury, property and other damages. The City's Corporation Counsel reported that these cases are set for pretrial conferences, awaiting actions from plaintiffs, being investigated, ready for trial calendar, or on appeal.

The City is substantially self-insured for workers' compensation claims with no limit, and general liability claims and automobile claims for up to \$2.0 million, with certain exceptions. The City purchases excess liability insurance through insurance companies for claims in excess of self-insured amounts as well as when required by contract or law. Settled claims have not exceeded these coverages in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The basis for estimating the liabilities for unpaid claims includes the effects of specific incremental claim adjustment expenses, salvage, and subrogation, and other allocated or unallocated claim adjustment expenses. At June 30, 2005, the estimated total liability of the City for claims and judgments amounted to \$68.9 million, which included claims incurred but not reported by the claimant and settled claims for which funds have not yet been appropriated. The estimated total liability has been determined through case-by-case analysis and from actuary studies performed by independent third parties. Expenditures for claims and judgments are appropriated annually. In the opinion of management, the City has adequately reserved for such claims.

During fiscal 2003, the City entered into a settlement agreement with certain landowners to address claims arising from the City's designation and down zoning of certain parcels in East Honolulu to prevent shoreline development. In accordance with the settlement agreement, the City made an initial lump sum payment of \$5.0 million to the landowners and began selling City-owned parcels of land to various third parties. The City sold the largest parcel on August 9, 2004 for \$17.9 million and the net proceeds of \$17.4 million from the sale were remitted to the landowners. The City will sell the remaining City-owned parcels and remit the proceeds to the landowners in exchange for ownership of the property subject to claims. It is the City's belief that these claims are not likely to have a material adverse effect on the City's financial position. Accordingly, no provision for any liabilities that might result from the resolution of these claims has been made in the accompanying financial statements.

James Smith v. City and County of Honolulu, Civil No. 02-1-1006-04 (VSM), was filed with the First Circuit Court of the State of Hawaii and is a class action involving a potential class of all City employees who are eligible under the Fair Labor Standards Act ("FLSA") to receive overtime pay. The allegations are that the City has not been calculating the proper FLSA benefits and therefore underpaying its employees. There are over 6,000 City employees who

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2005

are covered under FLSA. Currently approximately 2,300 City employees have elected to be involved in the lawsuit. The parties may enter into voluntary mediation, which is anticipated to take place near the end of the 2005 calendar year. The jury trial is scheduled for February 2006. The City has recorded a liability in the amount of \$5.0 million as of June 30, 2005 relating to this class action. The estimated potential liability is in excess of \$15.0 million.

The following is a summary of changes in the claims and judgments liability account during the fiscal year (amounts in thousands):

	Automobile and General Liability	Workers' Compensation	Total
Balance at July 1, 2003	\$ 16,071	\$ 43,299	\$ 59,370
Incurred losses and loss adjustment expenses	13,324	14,419	27,743
Payments	(4,464)	(15,764)	(20,228)
Balance at June 30, 2004	24,931	41,954	66,885
Incurred losses and loss adjustment expenses	4,888	14,680	19,568
Payments	(3,028)	(14,554)	(17,582)
Balance at June 30, 2005	<u>\$ 26,791</u>	<u>\$ 42,080</u>	<u>\$ 68,871</u>

The claims and judgment liability will be liquidated from the City's general fund.

14. Environmental Issues

Solid Waste Landfill Costs

GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, which is based on the October 9, 1991 United States Environmental Protection Agency ("EPA") rule, "Solid Waste Disposal Facility Criteria," establishes closure requirements for all municipal solid waste landfills that receive waste after October 9, 1991. The EPA rule also establishes thirty-year postclosure care requirements for those landfills that accept solid waste after October 9, 1993 or for those landfills that stopped accepting solid waste between October 9, 1991 and October 9, 1993 and have not met certain requirements established by the EPA rule. In accordance with GASB Statement No. 18, the City estimates in advance the total cost of closure and postclosure care during the life of those landfills rather than after their closings.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2005

Federal and state laws and regulations require the City to place final covers on certain landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Annual additions to the liability for closure and postclosure care costs are based on landfill capacity used as of each balance sheet date. The \$15.0 million reported as the liability in the Solid Waste Special Fund for closure and postclosure care costs at June 30, 2005 represents the cumulative amount reported to date based on the percentage of the estimated capacity used for the following landfills (amounts in thousands). Actual costs may differ from estimates if additional postclosure care requirements are determined (due to inflation or deflation, changes in technology, or changes in applicable laws or regulations).

	<u>Capacity Used</u>	<u>Closure Date</u>	<u>Liability at June 30, 2005</u>	<u>Total Estimated Cost</u>
Waipahu incinerator landfill	100.0%	October 1991	\$ 10,277	\$ 11,950
Kapaa sanitary landfill	100.0%	May 1997	4,680	14,237
Total			<u>\$ 14,957</u>	<u>\$ 26,187</u>

For fiscal year 2005, the City has provided the financial resources that will be available to provide for closure, postclosure care and remediation or containment of environmental hazards at the above landfills.

For the Waimanalo Gulch Landfill, the contractor shall provide post-closure maintenance of the landfill site for a period of thirty (30) years beyond the date of completion of closure of the landfill site.

Waipahu – A complaint was filed on February 24, 2003 with the State claiming that the City improperly disposed of solid waste, operated an open dump, stored and disposed of hazardous waste without a permit and operated a solid waste management system without a permit. The City was assessed an administrative penalty of approximately \$542,000 on December 30, 2004 as part of a settlement agreement order between the City and the State. The City paid an administrative penalty of \$425,000 to the State on January 18, 2005 and will pay an additional \$117,000 worth of in-kind services over a 4-year period for cleanup projects designated by the State.

Sewer Fund – Litigation

The City is a party to various legal proceedings arising in the normal course of business. Some of these matters relate to the Sewer Fund as follows:

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2005

Clean Water Act

In 1991, the EPA filed an administrative action against the City alleging violations of the Clean Water Act and conditions and limitations of the National Pollutant Discharge Elimination System Permits by failing to develop and administer pretreatment programs for all of its treatment plants and for unauthorized discharges from the collection system. As a result of a settlement reached between the EPA and the City, a consent decree has been filed which requires certain compliance actions and penalties of \$1.2 million, which were paid in fiscal year 1995. The City has implemented certain compliance actions such as developing rehabilitation and maintenance of the collection system and implementation of the plans. The City has committed to spend at least \$20.0 million for effluent reuse.

The City has committed to spend at least \$10.0 million for sludge reuse. Sludge reuse is being accomplished through the U.S. Navy Biosolids Treatment Facility. The consent decree cites potential stipulated penalties of \$2,000 per day per violation for failure to comply.

The State and certain environmental groups (nonprofit organizations) also filed actions against the City for declaratory judgment, injunctive relief and civil penalties for violations of the Clean Water Act for the following wastewater treatment plants.

Kailua and Kaneohe – As a result of a settlement reached between the parties, a consent decree has been filed for the Kailua and Kaneohe plants, which requires certain compliance actions such as developing a facilities plan, constructing a feasible ultraviolet disinfection facility and establishing and supporting an advisory council. The conceptual facilities plan and the environmental impact statement preparation notice were completed in September 1998. The design phase of the ultraviolet disinfection project was completed in October 1998. Responses to public comments were completed in June 1999. The City contracted a construction company to complete the construction phase for approximately \$2.3 million, which was completed in November 2000. Approximately \$5.5 million has been paid as of June 30, 2005, related to these compliance actions. The Kailua Bay Advisory Council was established in October 1995. The City established a \$2.1 million trust fund; hired a program administrator and a third party to provide watershed mapping services; awarded grant projects to four community groups; developed short-term implementation plans for erosion control initiatives, stream bank restoration and refuse control; and developed a web site for the Kailua Bay Advisory Council to disseminate information to the public, and has dispersed all funds to the Kailua Bay Advisory Council.

The consent decree cites total costs of at least \$7.4 million for capital improvements, consulting and other fees. The consent decree cites stipulated penalties of \$500 per day per violation for failure to meet the specified obligations and deadlines. The City was assessed a fee of \$493,000 for noncompliance of emission limits for one of the odor control units in October 2000. Corrective action to remediate the situation was

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2005

completed and the fee was paid by the City in fiscal 2004. The Kaneohe treatment facility has been converted into a preliminary treatment facility, and pumps wastewater to the Kailua treatment facility.

Wahiawa – A civil action was filed by the State for operating the Wahiawa plant without a permit. Settlement with the State was reached and a consent decree was approved on February 27, 1998. The consent decree requires the City to upgrade the existing treatment plant to produce water suitable for reuse and adjust the outfall. The consent decree stipulates damages of \$600,000 plus \$1,000 – \$5,000 per day if the upgrades are not completed by specified deadlines. In June 2001, the City completed construction of the reclamation system, which amounted to approximately \$12 million. As required by the consent decree, the City also disbursed \$150,000 to various agencies for supplemental environmental projects. All issues associated with the consent decree have been met. A motion to terminate the consent decree has not been filed by the State or City.

Sand Island – The Sand Island wastewater treatment plant operates under a 301(h) waiver permit issued by the EPA. The current permit was effective November 1998. That permit included, amongst other things, a specific timetable for various construction projects related to the Sand Island plant. In October 1999, the EPA issued a finding of violation and order for compliance that required corrective measures and compliance with the November 1998 permit. Although the City responded to that order, some of the construction projects are behind the permit schedule due to unanticipated construction difficulties. For example, an Ultraviolet Disinfection facility was to be constructed by July 1, 2002. That facility is still under construction and is currently estimated to be completed in 2006. In October 2002, the EPA identified that the Sand Island plant violated certain discharge limits and ordered the City to stop discharge violations at the Sand Island plant and to submit a plan by December 1, 2002, to bring the facility into continuous compliance with its EPA permit. The City submitted the required plan and compliance schedule on November 29, 2002. Upon review by the EPA, the City submitted a revised plan on May 1, 2003, which is still subject to the EPA's final approval.

Honouliuli – The Honouliuli wastewater treatment plant operates under a 301(h) waiver permit issued by EPA. The current permit was issued June 1991. In September 2003, EPA identified that the Honouliuli plant violated certain permit conditions pertaining to the plant return streams, effluent flow meter and sampler, storm water pollution control plan, discharge monitoring reports, and improper discharge through the sewage outfall. The City has responded to the order and corrected items regarding plant return flow streams, effluent flow meter and sampler, and the storm water pollution control plan. Other items are still under discussion with the EPA.

Force Mains – The State of Hawaii, Department of Health, issued a notice of violation in April 2004 alleging discharges to the ground or State waters between November 1996

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2005

and April 2004 from City owned force mains requesting plans describing force main condition assessment, contingency, preventive maintenance, and repair and upgrade. On October 20, 2004, the City submitted the required four reports (i.e., Force Main Condition Assessment Program, Force Main Contingency Plan, Force Main Preventive Maintenance Plan, and Force Main Repair and Upgrade Program) and is waiting approval or comments on the proposed action plans. The City submitted a follow-up letter, dated June 6, 2005 as no comments or approval on any of the submittals were received. Until the proposed plans and programs are approved by the State, the City's ability to fully implement the plans and programs is limited.

Citizen Lawsuit – Three citizen groups filed suit in Federal Court in July 2004 alleging repeated spills from the collection systems and treatment plants, effluent discharge problems at Sand Island wastewater treatment plant, failure to comply with the Sand Island NPDES permit requirements, failure to comply with administrative orders issued by EPA and the State of Hawaii Department of Health, unlawful discharge of R-1 water from the Honouliuli wastewater treatment plant, failure to maintain the Honouliuli wastewater treatment plant adequately, failure to maintain a current Storm Water Pollution Control Plan for the Honouliuli wastewater treatment plant, and discharge of effluent from the Sand Island and Honouliuli wastewater treatment plants without permits.

The litigation is on-going.

Although the outcome of individual matters is not predictable, no provision for any liability that may result from these lawsuits has been made in the Sewer Fund's financial statements since any such liabilities are normally paid from the City's General Fund.

In the opinion of management, the final outcome of these matters is unknown at this time but should not have a material adverse effect on the City's financial statements.

15. Component Unit Disclosure

Board of Water Supply

The Board is a semi-autonomous agency of the City, which has full and complete authority to manage, control and operate the City's water system and related properties.

Other Legal Matters

The Board is party to various legal proceedings arising in the normal course of business. The outcome of individual matters is not predictable. However, management believes that the ultimate resolution of all such matters, after considering insurance coverages, will not have a material adverse effect on the Board's financial position, results of operations or liquidity.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2005

Major Transactions with the City –

Billing and Collection Services – The Board has an agreement with the Department of Environmental Services, City and County of Honolulu to provide certain services through June 30, 2004, relating to the billing and collection of sewer service charges. Fees related to these services were negotiated at approximately \$100,000 per year through fiscal 2004. This agreement has been informally extended through fiscal 2005. The revenues related to these fees are included in other operating revenues and the corresponding expense in the Sewer Fund.

Central Administrative Services Expense (“CASE”) Fee – During fiscal year 2000, the Board entered into an agreement with the City to pay a Central Administrative Services Expense (“CASE”) fee for treasury, personnel, purchasing and other services that the City provides to the Board on an on-going basis. The Board’s Charter allows for a CASE fee to the extent that it represents a reasonable charge for services necessary for the Board to perform its duties. Although CASE fees for fiscal years subsequent to 2001 are still being negotiated between the Board and the City, the Board accrued \$3.3 million on June 30, 2005 for fiscal year 2005, leaving an unpaid balance of \$6.6 million related to fiscal 2002 and 2005.

16.Subsequent Event

On June 22, 2005, Ordinance No. 05-016 increasing the motor vehicle weight tax was approved. The ordinance increases the weight tax by one cent for all types of motor vehicles and will take effect on January 1, 2006.

In August 2005 the City issued Series 2005A and Series 2005B wastewater system revenue bonds in the aggregate amount of \$152.8 million. The bonds bear interest rates of 3.2% to 5% and mature annually on July 1, 2010 through 2025, then on July 1, 2030 and July 1, 2035. The bonds maturing after July 1, 2015 are subject to redemption at the option of the City, in whole or in part at any time, from any maturity. Proceeds from the bonds will be used to fund the cost of certain additions and improvements to the wastewater system of the City, a common reserve account and current refunding of certain Tax Exempt Commercial Paper notes.

In November 2005, the City issued Series 2005E and Series 2005F general obligation refunding bonds in the aggregate amount of \$396.2 million. The bonds bear interest from 3.25% to 5.25% and mature annually on July 1, 2006 through 2029. The bonds maturing after July 1, 2015 are subject to redemption at the option of the City, in whole or in part at any time, from any maturity. Proceeds from the bonds will be used to refund certain Tax Exempt Commercial Paper and advance refund the Series 2001C general obligation bonds.

**REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN MD&A**

BUDGETARY COMPARISON SCHEDULES

For a brief explanation of the General Fund and Highway Fund, please refer to the divider page for the Governmental Fund Financial Statements preceding page 37.

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 523,000	\$ 523,000	\$ 528,793	\$ 5,793
Licenses and permits	34,644	34,644	35,740	1,096
Intergovernmental	36,930	36,930	39,056	2,126
Charges for services	4,717	4,717	6,531	1,814
Fines and forfeits	211	211	178	(33)
Miscellaneous:				
Reimbursements and recoveries	89,078	89,078	86,403	(2,675)
Interest	7,600	7,600	4,086	(3,514)
Other	2,677	2,677	4,260	1,583
Total Revenues	698,857	698,857	705,047	6,190
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	12,489	12,681	12,153	528
City Clerk	3,491	3,491	3,007	484
City Council	6,659	6,966	6,509	457
Corporation Counsel	8,829	8,829	7,975	854
Customer Services	17,474	17,697	17,023	674
Design and Construction	10,585	10,482	10,333	149
Facility Maintenance	11,889	11,951	11,729	222
Human Resources	4,554	4,747	4,688	59
Information Technology	13,051	12,654	11,989	665
Mayor	4,184	4,672	4,218	454
Planning and Permitting	6,527	6,652	6,528	124
Prosecuting Attorney	14,602	14,602	13,635	967
Total General government	114,334	115,424	109,787	5,637
Public safety:				
Emergency Services	24,740	25,142	22,274	2,868
Fire	70,216	70,216	68,419	1,797
Mayor	614	632	606	26
Medical Examiner	1,077	1,125	1,116	9
Planning and Permitting	4,418	4,323	4,036	287
Police	156,135	156,135	150,669	5,466
Total Public safety	257,200	257,573	247,120	10,453
Highways and streets:				
Facility Maintenance	1,984	2,052	1,927	125
Sanitation:				
Environmental Services	28	28	28	--
Human services:				
Community Services	1,600	1,754	1,589	165

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Culture-recreation:				
Enterprise Services	--	259	259	--
Mayor	1,662	1,737	1,734	3
Parks and Recreation	47,762	48,240	47,057	1,183
Total Culture-recreation	49,424	50,236	49,050	1,186
Miscellaneous:				
Retirement and health benefits:				
Budget and Fiscal Services	79	79	45	34
City Council	1,966	1,900	1,899	1
Provisional	105,696	106,104	103,363	2,741
Total Retirement and health benefits	107,741	108,083	105,307	2,776
Other:				
Budget and Fiscal Services	7,192	7,192	6,713	479
City Council	256	15	14	1
Provisional	22,927	19,604	11,323	8,281
Total Other	30,375	26,811	18,050	8,761
Total Miscellaneous	138,116	134,894	123,357	11,537
Debt Service:				
Budget and Fiscal Services	359	359	359	--
Design and Construction	--	103	103	--
Information Technology	--	547	547	--
Total Debt service	359	1,009	1,009	--
Total Expenditures	563,045	562,970	533,867	29,103
Revenues over Expenditures	135,812	135,887	171,180	35,293
Other Financing Sources (Uses):				
Sales of capital assets	34,130	35,670	35,616	(54)
Transfers in	64,829	64,829	61,978	(2,851)
Transfers out	(275,453)	(276,993)	(273,727)	3,266
Total Other Financing Sources (Uses)	(176,494)	(176,494)	(176,133)	361
Net change in Fund Balance	(40,682)	(40,607)	(4,953)	35,654
Encumbrances	--	--	19,802	19,802
Fund Balance - July 1	41,033	41,033	62,317	21,284
Fund Balance - June 30	\$ 351	\$ 426	\$ 77,166	\$ 76,740

Budgetary basis includes encumbrances.

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 73,218	\$ 73,218	\$ 78,748	\$ 5,530
Licenses and permits	42,114	42,114	47,745	5,631
Charges for services	5,708	5,708	4,406	(1,302)
Fines and forfeits	25	25	34	9
Miscellaneous:				
Reimbursements and recoveries	131	131	364	233
Other	2,041	2,041	2,027	(14)
Total Revenues	123,237	123,237	133,324	10,087
Expenditures:				
Current:				
General government:				
Design and Construction	3,869	3,869	3,518	351
Facility Maintenance	7,649	7,684	7,594	90
Planning and Permitting	1,356	1,356	1,343	13
Total General government	12,874	12,909	12,455	454
Public safety:				
Police	18,911	18,911	18,336	575
Transportation Services	3,844	3,838	3,530	308
Total Public safety	22,755	22,749	21,866	883
Highways and streets:				
Facility Maintenance	14,070	14,210	14,154	56
Sanitation:				
Environmental Services	1,152	1,159	881	278
Utilities or other enterprises:				
Transportation Services	1,324	1,332	1,299	33
Miscellaneous:				
Retirement and health benefits:				
Provisional	11,185	11,185	10,390	795
Other:				
Provisional	1,924	1,740	1,260	480
Total Miscellaneous	13,109	12,925	11,650	1,275
Total Expenditures	65,284	65,284	62,305	2,979
Revenues over Expenditures	57,953	57,953	71,019	13,066

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Source (Use):				
Sales of capital assets	412	412	261	(151)
Transfers out	(82,414)	(82,414)	(79,458)	2,956
Total Other Financing Source (Use)	(82,002)	(82,002)	(79,197)	2,805
Net change in Fund Balance	(24,049)	(24,049)	(8,178)	15,871
Encumbrances	--	--	1,257	1,257
Fund Balance - July 1	24,049	24,049	24,776	727
Fund Balance - June 30	\$ --	\$ --	\$ 17,855	\$ 17,855

Budgetary basis includes encumbrances.

**OTHER SUPPLEMENTARY
INFORMATION**

NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS

For a brief explanation of the individual nonmajor governmental funds, please refer to the divider page for the Governmental Fund Financial Statements preceding page 37.

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 6)

	Special Revenue Funds		
	Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	Bikeway Fund	Parks and Playgrounds Fund
<u>ASSETS</u>			
Cash and investments:			
With Treasury and banks.....	\$ 720	\$ 576	\$ 2,745
Receivables:			
Accounts	--	--	--
Special Assessments	--	--	--
Loans	--	--	--
Intergovernmental	--	--	--
Due from other funds	--	--	--
Inventories - Municipal Stores	--	--	--
Total Assets	\$ 720	\$ 576	\$ 2,745
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 179	\$ 1	\$ --
Interest and bonds payable-matured	--	--	--
Due to other funds	--	17	--
Accrued payroll	7	--	--
Deferred revenue	--	--	--
Total Liabilities	186	18	--
Fund Balances:			
Reserved for encumbrances	342	14	--
Reserved for debt service	--	--	--
Unreserved - undesignated	192	544	2,745
Total Fund Balances	534	558	2,745
Total Liabilities and Fund Balances	\$ 720	\$ 576	\$ 2,745

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 6)

Special Revenue Funds

<u>Federal Revenue Sharing Fund</u>	<u>Liquor Commission Fund</u>	<u>Rental Assistance Fund</u>	<u>Zoo Animal Purchase Fund</u>	<u>Hanauma Bay Nature Preserve Fund</u>	<u>Special Reserve Fund</u>
\$ 47	\$ 1,222	\$ 924	\$ 44	\$ 2,855	\$ 5,034
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 47</u>	<u>\$ 1,222</u>	<u>\$ 924</u>	<u>\$ 44</u>	<u>\$ 2,855</u>	<u>\$ 5,034</u>
\$ --	\$ 8	\$ --	\$ --	\$ 88	\$ --
--	--	--	--	--	--
--	1	--	--	--	--
--	21	--	--	20	--
--	--	--	--	--	--
--	<u>30</u>	--	--	<u>108</u>	--
--	135	27	--	201	--
--	--	--	--	--	--
<u>47</u>	<u>1,057</u>	<u>897</u>	<u>44</u>	<u>2,546</u>	<u>5,034</u>
<u>47</u>	<u>1,192</u>	<u>924</u>	<u>44</u>	<u>2,747</u>	<u>5,034</u>
<u>\$ 47</u>	<u>\$ 1,222</u>	<u>\$ 924</u>	<u>\$ 44</u>	<u>\$ 2,855</u>	<u>\$ 5,034</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2005
 (Amounts in thousands)

(Page 3 of 6)

	Special Revenue Funds		
	Community Development Fund	Golf Fund	Special Events Fund
<u>ASSETS</u>			
Cash and investments:			
With Treasury and banks.....	\$ 225	\$ 1,249	\$ 218
Receivables:			
Accounts	--	--	--
Special Assessments	--	--	--
Loans	186	--	--
Intergovernmental	2,153	--	--
Due from other funds	--	65	797
Inventories - Municipal Stores	--	--	--
Total Assets	\$ 2,564	\$ 1,314	\$ 1,015
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 2,204	\$ 364	\$ 189
Interest and bonds payable-matured	--	--	--
Due to other funds	2	--	--
Accrued payroll	--	64	96
Deferred revenue	186	--	--
Total Liabilities	2,392	428	285
Fund Balances:			
Reserved for encumbrances	17,488	226	150
Reserved for debt service	--	--	--
Unreserved - undesignated	(17,316)	660	580
Total Fund Balances	172	886	730
Total Liabilities and Fund Balances	\$ 2,564	\$ 1,314	\$ 1,015

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2005
 (Amounts in thousands)

(Page 4 of 6)

Special Revenue Funds

Farmers Home Administration Loan Fund	Special Projects Fund	Federal Grants Fund	Housing and Community Development Rehabilitation Loan Fund	Pauahi Project Expenditures Hawaii R-15 Fund	Housing and Community Development Section 8 Contract Fund
\$ 46	\$ 5,085	\$ 13,742	\$ 3,120	\$ 833	\$ 4,965
--	--	--	--	--	390
--	--	--	--	--	--
--	--	1,687	11,480	--	2,964
--	--	29,289	--	--	--
--	--	5	--	--	--
--	--	--	--	--	--
<u>\$ 46</u>	<u>\$ 5,085</u>	<u>\$ 44,723</u>	<u>\$ 14,600</u>	<u>\$ 833</u>	<u>\$ 8,319</u>
\$ --	\$ 218	\$ 1,460	\$ --	\$ --	\$ 124
--	--	--	--	--	--
--	114	28,181	--	--	--
--	--	--	--	--	--
--	<u>225</u>	<u>1,994</u>	<u>11,559</u>	--	<u>4,222</u>
--	<u>557</u>	<u>31,635</u>	<u>11,559</u>	--	<u>4,346</u>
--	2,724	16,484	3,041	--	4,041
--	--	--	--	--	--
<u>46</u>	<u>1,804</u>	<u>(3,396)</u>	--	<u>833</u>	<u>(68)</u>
<u>46</u>	<u>4,528</u>	<u>13,088</u>	<u>3,041</u>	<u>833</u>	<u>3,973</u>
<u>\$ 46</u>	<u>\$ 5,085</u>	<u>\$ 44,723</u>	<u>\$ 14,600</u>	<u>\$ 833</u>	<u>\$ 8,319</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2005
 (Amounts in thousands)

(Page 5 of 6)

	Special Revenue Funds			
	Leasehold Conversion Fund	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund
ASSETS				
Cash and investments:				
With Treasury and banks.....	\$ 656	\$ 1,514	\$ 5	\$ 126
Receivables:				
Accounts	--	--	--	--
Special Assessments	--	--	--	--
Loans	--	--	--	--
Intergovernmental	--	--	--	--
Due from other funds	--	--	219	--
Inventories - Municipal Stores	--	--	--	28
Total Assets	\$ 656	\$ 1,514	\$ 224	\$ 154
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Interest and bonds payable-matured	--	--	--	--
Due to other funds	--	--	--	--
Accrued payroll	--	--	--	--
Deferred revenue	407	--	--	--
Total Liabilities	407	--	--	--
Fund Balances:				
Reserved for encumbrances	--	--	--	--
Reserved for debt service	--	--	--	--
Unreserved - undesignated	249	1,514	224	154
Total Fund Balances	249	1,514	224	154
Total Liabilities and Fund Balances	\$ 656	\$ 1,514	\$ 224	\$ 154

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2005
 (Amounts in thousands)

(Page 6 of 6)

Debt Service Fund	Capital Projects Funds			
Improvement District Bond and Interest Redemption Fund	Highway Improvement Bond Fund	Federal Grants Capital Projects Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 1,028	\$ 6,613	\$ 7,809	\$ 24,203	\$ 85,604
--	--	--	143	533
857	--	--	--	857
--	--	45,081	--	61,398
--	--	2,269	184	33,895
--	--	2	93	1,181
--	--	--	--	28
<u>\$ 1,885</u>	<u>\$ 6,613</u>	<u>\$ 55,161</u>	<u>\$ 24,623</u>	<u>\$ 183,496</u>
\$ --	\$ 8,521	\$ 1,448	\$ 690	\$ 15,494
9	--	--	--	9
93	--	--	--	28,408
--	--	--	--	208
730	--	46,241	--	65,564
<u>832</u>	<u>8,521</u>	<u>47,689</u>	<u>690</u>	<u>109,683</u>
--	190,752	37,378	12,924	285,927
1,053	--	--	--	1,053
--	(192,660)	(29,906)	11,009	(213,167)
<u>1,053</u>	<u>(1,908)</u>	<u>7,472</u>	<u>23,933</u>	<u>73,813</u>
<u>\$ 1,885</u>	<u>\$ 6,613</u>	<u>\$ 55,161</u>	<u>\$ 24,623</u>	<u>\$ 183,496</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

(Page 1 of 6)

	Special Revenue Funds		
	Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	Bikeway Fund	Parks and Playgrounds Fund
Revenues:			
Special assessments	\$ --	\$ --	\$ --
Licenses and permits.....	--	353	--
Intergovernmental.....	--	--	--
Charges for services.....	3,041	--	--
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	--
Interest.....	--	--	--
Other.....	--	--	448
Total Revenues.....	<u>3,041</u>	<u>353</u>	<u>448</u>
Expenditures:			
Current:			
General government.....	2,781	--	--
Public safety.....	--	268	--
Highways and streets.....	--	1	--
Sanitation.....	--	--	--
Human services.....	--	--	--
Culture-recreation.....	17	--	--
Utilities or other enterprises.....	--	--	--
Miscellaneous:			
Retirement and health benefits.....	--	--	--
Other.....	--	--	--
Capital Outlay:			
General government.....	--	--	--
Public safety.....	--	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	--	--	--
Culture-recreation.....	--	--	--
Utilities or other enterprises.....	--	--	--
Debt service:			
Principal.....	--	--	--
Interest.....	--	--	--
Total Expenditures.....	<u>2,798</u>	<u>269</u>	<u>--</u>
Revenues over (under) Expenditures.....	<u>243</u>	<u>84</u>	<u>448</u>
Other Financing Sources (Uses):			
Issuance of commercial paper & long-term notes	--	--	--
Sales of capital assets.....	--	--	--
Transfers in.....	--	391	134
Transfers out.....	(145)	(143)	(1,000)
Total Other Financing Sources (Uses).....	<u>(145)</u>	<u>248</u>	<u>(866)</u>
Revenues and Other Sources over (under) Expenditures and Other Uses.....	98	332	(418)
Fund Balances - July 1.....	436	226	3,163
Fund Balances - June 30.....	<u>\$ 534</u>	<u>\$ 558</u>	<u>\$ 2,745</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

(Page 2 of 6)

Special Revenue Funds

Federal Revenue Sharing Fund	Liquor Commission Fund	Rental Assistance Fund	Zoo Animal Purchase Fund	Hanauma Bay Nature Preserve Fund	Special Reserve Fund
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	2,811	--	--	--	--
--	--	--	--	--	--
--	124	--	--	3,787	--
--	179	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	5	38	5	1,066	--
--	3,119	38	5	4,853	--
--	2,183	--	--	--	--
--	--	--	--	508	--
--	--	--	--	--	--
--	--	134	--	--	--
--	--	--	1	1,719	--
--	--	--	--	--	--
--	500	--	--	247	--
--	35	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	2,718	134	1	2,474	--
--	401	(96)	4	2,379	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	500	--
--	(275)	(12)	--	(1,818)	--
--	(275)	(12)	--	(1,318)	--
--	126	(108)	4	1,061	--
47	1,066	1,032	40	1,686	5,034
\$ 47	\$ 1,192	\$ 924	\$ 44	\$ 2,747	\$ 5,034

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

(Page 3 of 6)

	Special Revenue Funds		
	Community Development Fund	Golf Fund	Special Events Fund
Revenues:			
Special assessments	\$ --	\$ --	\$ --
Licenses and permits.....	--	--	--
Intergovernmental.....	11,238	--	--
Charges for services.....	--	4,915	1,542
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	9
Interest.....	--	--	46
Other.....	--	3,218	6,100
Total Revenues.....	<u>11,238</u>	<u>8,133</u>	<u>7,697</u>
Expenditures:			
Current:			
General government.....	668	--	98
Public safety.....	--	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	1,097	--	--
Culture-recreation.....	--	6,837	7,353
Utilities or other enterprises.....	740	--	--
Miscellaneous:			
Retirement and health benefits.....	--	1,644	2,023
Other.....	--	21	240
Capital Outlay:			
General government.....	--	--	--
Public safety.....	--	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	17,170	--	--
Culture-recreation.....	--	--	--
Utilities or other enterprises.....	--	--	--
Debt service:			
Principal.....	--	--	--
Interest.....	--	--	--
Total Expenditures.....	<u>19,675</u>	<u>8,502</u>	<u>9,714</u>
Revenues over (under) Expenditures.....	<u>(8,437)</u>	<u>(369)</u>	<u>(2,017)</u>
Other Financing Sources (Uses):			
Issuance of commercial paper & long-term notes	--	--	--
Sales of capital assets.....	--	13	--
Transfers in.....	8,831	9,684	8,373
Transfers out.....	(371)	(8,952)	(5,846)
Total Other Financing Sources (Uses).....	<u>8,460</u>	<u>745</u>	<u>2,527</u>
Revenues and Other Sources over (under) Expenditures and Other Uses.....	23	376	510
Fund Balances - July 1.....	149	510	220
Fund Balances - June 30.....	<u>\$ 172</u>	<u>\$ 886</u>	<u>\$ 730</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

(Page 4 of 6)

Special Revenue Funds

Farmers Home Administration Loan Fund	Special Projects Fund	Federal Grants Fund	Housing and Community Development Rehabilitation Loan Fund	Pauahi Project Expenditures Hawaii R-15 Fund	Housing and Community Development Section 8 Contract Fund
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	7,238	54,943	--	--	34,656
--	--	--	--	--	--
--	--	--	--	--	--
--	15	124	66	17	68
--	2,115	1,621	2,383	--	434
--	9,368	56,688	2,449	17	35,158
--	1,698	2,112	--	--	262
--	1,567	11,994	--	--	--
--	--	--	--	--	--
--	--	28	--	--	--
--	4,198	12,546	1,822	--	34,434
--	817	280	--	--	--
--	--	27,629	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	8,280	54,589	1,822	--	34,696
--	1,088	2,099	627	17	462
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	(6,831)	(2,000)	--
--	--	--	(6,831)	(2,000)	--
--	1,088	2,099	(6,204)	(1,983)	462
46	3,440	10,989	9,245	2,816	3,511
\$ 46	\$ 4,528	\$ 13,088	\$ 3,041	\$ 833	\$ 3,973

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

(Page 5 of 6)

	Special Revenue Funds			
	Leasehold Conversion Fund	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund
Revenues:				
Special assessments	\$ --	\$ --	\$ --	\$ --
Licenses and permits.....	--	--	--	--
Intergovernmental.....	--	--	--	--
Charges for services.....	--	--	--	--
Fines and forfeits.....	--	--	--	--
Miscellaneous:				
Reimbursements and recoveries.....	--	--	--	--
Interest.....	--	--	--	--
Other.....	27	--	--	29
Total Revenues.....	<u>27</u>	<u>--</u>	<u>--</u>	<u>29</u>
Expenditures:				
Current:				
General government.....	--	2	--	21
Public safety.....	--	--	--	--
Highways and streets.....	--	--	--	--
Sanitation.....	--	--	--	--
Human services.....	95	--	--	--
Culture-recreation.....	--	--	--	--
Utilities or other enterprises.....	--	--	--	--
Miscellaneous:				
Retirement and health benefits.....	--	--	--	--
Other.....	--	--	--	--
Capital Outlay:				
General government.....	--	--	--	--
Public safety.....	--	--	--	--
Highways and streets.....	--	--	--	--
Sanitation.....	--	--	--	--
Human services.....	--	--	--	--
Culture-recreation.....	--	--	--	--
Utilities or other enterprises.....	--	--	--	--
Debt service:				
Principal.....	--	--	--	--
Interest.....	--	--	--	--
Total Expenditures.....	<u>95</u>	<u>2</u>	<u>--</u>	<u>21</u>
Revenues over (under) Expenditures.....	<u>(68)</u>	<u>(2)</u>	<u>--</u>	<u>8</u>
Other Financing Sources (Uses):				
Issuance of commercial paper & long-term notes ...	--	--	--	--
Sales of capital assets.....	--	--	--	--
Transfers in.....	--	--	--	--
Transfers out.....	--	--	--	--
Total Other Financing Sources (Uses).....	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Revenues and Other Sources over (under) Expenditures and Other Uses.....	<u>(68)</u>	<u>(2)</u>	<u>--</u>	<u>8</u>
Fund Balances - July 1.....	317	1,516	224	146
Fund Balances - June 30.....	<u>\$ 249</u>	<u>\$ 1,514</u>	<u>\$ 224</u>	<u>\$ 154</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

(Page 6 of 6)

Debt Service Improvement District Bond and Interest Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Highway Improvement Bond Fund	Federal Grants Capital Projects Fund	Capital Projects Fund	
\$ 419	\$ --	\$ --	\$ --	\$ 419
--	--	--	--	3,164
--	--	12,481	--	120,556
--	--	--	--	13,409
--	--	--	--	179
--	--	--	--	9
90	--	--	--	426
3	--	--	1,202	18,694
<u>512</u>	<u>--</u>	<u>12,481</u>	<u>1,202</u>	<u>156,856</u>
--	--	--	--	9,825
--	--	--	--	14,337
--	--	--	--	1
--	--	--	--	28
--	--	--	--	54,326
--	--	--	--	17,024
--	--	--	--	28,369
--	--	--	--	4,414
--	--	--	--	296
--	111	912	272	1,295
--	6,532	731	--	7,263
--	32,654	5,830	647	39,131
--	--	--	196	196
--	--	1,972	--	19,142
--	--	80	1,661	1,741
--	34,827	1,523	--	36,350
365	--	--	--	365
57	--	--	--	57
<u>422</u>	<u>74,124</u>	<u>11,048</u>	<u>2,776</u>	<u>234,160</u>
90	(74,124)	1,433	(1,574)	(77,304)
--	69,550	--	--	69,550
--	--	--	--	13
--	--	371	1,216	29,500
(93)	--	--	(630)	(28,116)
<u>(93)</u>	<u>69,550</u>	<u>371</u>	<u>586</u>	<u>70,947</u>
(3)	(4,574)	1,804	(988)	(6,357)
1,056	2,666	5,668	24,921	80,170
<u>\$ 1,053</u>	<u>\$ (1,908)</u>	<u>\$ 7,472</u>	<u>\$ 23,933</u>	<u>\$ 73,813</u>

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**FIDUCIARY FUNDS
COMBINING FINANCIAL STATEMENT**

CITY AND COUNTY OF HONOLULU
AGENCY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2005
 (Amounts in thousands)

	Agency Funds				Total
	General Trust Fund	Treasury Trust Fund	Real Property Tax Trust Fund	Payroll Clearance Fund	
<u>ASSETS</u>					
Cash and investments:					
With Treasury	\$ 17,602	\$ 1,838	\$ 7,405	\$ 1,989	\$ 28,834
Imprest and change funds	60	267	--	--	327
Receivable:					
Account	--	128	--	--	128
Due from other funds:					
General Fund	59	--	--	--	59
General Trust Fund	--	--	1	--	1
Solid Waste Fund - HPOWER Account	17	--	--	--	17
Total Assets	<u>17,738</u>	<u>2,233</u>	<u>7,406</u>	<u>1,989</u>	<u>29,366</u>
<u>LIABILITIES</u>					
Liabilities:					
Accounts payable	2,992	631	--	--	3,623
Due to other fund:					
Real Property Trust Fund	1	--	--	--	1
Other current liabilities	<u>14,745</u>	<u>1,602</u>	<u>7,406</u>	<u>1,989</u>	<u>25,742</u>
Total Liabilities	<u>17,738</u>	<u>2,233</u>	<u>7,406</u>	<u>1,989</u>	<u>29,366</u>
<u>NET ASSETS</u>					
Held in trust for individuals, organizations and other governments	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

FUND SCHEDULES

For a brief explanation of the individual funds, please refer to the divider page for the Governmental Fund Financial Statements preceding page 37.

Note: the revolving funds are comprised of the Improvement District Revolving Fund, Housing and Community Development Revolving Fund and Municipal Stores Revolving Fund.

CITY AND COUNTY OF HONOLULU
GENERAL FUND
BALANCE SHEET
JUNE 30, 2005
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
(Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 51,723	\$ 45,964
Receivables:		
Real property taxes	6,008	8,265
Accounts	1,097	467
Interest	421	--
Intergovernmental	9,208	8,430
Component unit - CASE fees	6,600	3,300
Due from other funds:		
Highway Fund	49	84
Sewer Fund	--	103
Liquor Commission Fund	1	--
Community Development Fund	--	67
Special Projects Fund	97	--
Federal Grants Fund	27,974	21,300
General Obligation Bond and Interest Redemption Fund	1,813	--
Housing Development Special Fund	--	1
Solid Waste Special Fund	5	16
Total Assets	\$ 104,996	\$ 87,997
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 4,796	\$ 5,089
Due to other funds:		
Sewer Fund	136	--
Golf Fund	65	--
Special Events Fund	797	202
Solid Waste Special Fund	95	25
General Trust Fund	59	66
Real Property Tax Trust Fund	--	2,522
Accrued payroll	4,262	3,735
Deferred revenue	17,620	14,041
Total Liabilities	27,830	25,680
Fund Balance:		
Reserved for encumbrances	19,802	20,838
Unreserved - undesignated	57,364	41,479
Total Fund Balance	77,166	62,317
Total Liabilities and Fund Balance	\$ 104,996	\$ 87,997

CITY AND COUNTY OF HONOLULU
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

	2005	2004
Revenues:		
Taxes	\$ 528,793	\$ 458,116
Licenses and permits	35,740	34,258
Intergovernmental	39,056	35,584
Charges for services	6,531	4,650
Fines and forfeits	178	417
Miscellaneous:		
Reimbursements and recoveries	86,403	77,403
Interest	4,086	1,908
Other	4,260	9,934
Total Revenues	705,047	622,270
Expenditures:		
Current:		
General government	100,462	94,690
Public safety	242,108	229,602
Highways and streets	1,755	2,076
Human services	1,551	1,403
Culture-recreation	45,947	42,917
Miscellaneous:		
Retirement and health benefits	105,307	85,664
Other	15,925	20,250
Debt Service:		
Principal retirement	847	1,336
Interest charges	163	205
Total Expenditures	514,065	478,143
Revenues over Expenditures	190,982	144,127
Other Financing Sources (Uses):		
Sales of capital assets	35,616	10,544
Transfers in	61,978	85,686
Transfers out	(273,727)	(250,856)
Total Other Financing Sources (Uses)	(176,133)	(154,626)
Revenues and Other Sources over (under) Expenditures and Other Uses	14,849	(10,499)
Fund Balance - July 1	62,317	72,816
Fund Balance - June 30	\$ 77,166	\$ 62,317

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 523,000	\$ 523,000	\$ 528,793	\$ 5,793
Licenses and permits	34,644	34,644	35,740	1,096
Intergovernmental	36,930	36,930	39,056	2,126
Charges for services	4,717	4,717	6,531	1,814
Fines and forfeits	211	211	178	(33)
Miscellaneous:				
Reimbursements and recoveries	89,078	89,078	86,403	(2,675)
Interest	7,600	7,600	4,086	(3,514)
Other	2,677	2,677	4,260	1,583
Total Revenues	698,857	698,857	705,047	6,190
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	12,242	12,433	11,951	482
City Clerk	3,320	3,320	2,899	421
City Council	6,258	6,565	6,165	400
Corporation Counsel	7,457	7,457	6,868	589
Customer Services	15,243	15,466	14,958	508
Design and Construction	9,356	9,356	9,235	121
Facility Maintenance	10,971	11,034	10,889	145
Human Resources	4,484	4,677	4,637	40
Information Technology	11,983	12,133	11,561	572
Mayor	3,642	4,130	3,782	348
Planning and Permitting	6,372	6,497	6,392	105
Prosecuting Attorney	14,217	14,217	13,388	829
Total General government	105,545	107,285	102,725	4,560
Public safety:				
Emergency Services	23,291	23,693	21,551	2,142
Fire	68,543	68,543	66,779	1,764
Mayor	595	613	588	25
Medical Examiner	1,059	1,107	1,101	6
Planning and Permitting	4,408	4,313	4,028	285
Police	151,714	151,714	147,073	4,641
Total Public safety	249,610	249,983	241,120	8,863

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Highways and streets:				
Facility Maintenance	1,822	1,890	1,869	21
Human services:				
Community Services	1,531	1,685	1,521	164
Culture-recreation:				
Enterprise Services	--	259	259	--
Mayor	1,638	1,713	1,711	2
Parks and Recreation	44,783	45,261	44,549	712
Total Culture-recreation	46,421	47,233	46,519	714
Miscellaneous:				
Retirement and health benefits:				
Budget and Fiscal Services	79	79	45	34
City Council	1,966	1,900	1,899	1
Provisional	105,696	106,104	103,363	2,741
Total Retirement and health benefits	107,741	108,083	105,307	2,776
Other:				
Budget and Fiscal Services	6,893	6,893	6,414	479
City Council	255	14	14	--
Provisional	22,030	18,707	11,771	6,936
Total Other	29,178	25,614	18,199	7,415
Total Miscellaneous	136,919	133,697	123,506	10,191
Debt Service:				
Budget and Fiscal Services	359	359	359	--
Total Expenditures	542,207	542,132	517,619	24,513
Revenues over Expenditures	156,650	156,725	187,428	30,703

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 3 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Sources (Uses):				
Sales of capital assets	34,130	35,670	35,616	(54)
Transfers in:				
Central administrative service expenses	21,834	21,834	21,834	--
Debt service	42,124	42,124	39,168	(2,956)
Other	871	871	976	105
Transfers out:				
Debt service - Budget and Fiscal Services	(166,715)	(166,715)	(163,449)	3,266
Other - Budget and Fiscal Services	(79,602)	(80,542)	(80,542)	--
Bus subsidy - Budget and Fiscal Services	(29,136)	(29,736)	(29,736)	--
Total Other Financing Sources (Uses)	(176,494)	(176,494)	(176,133)	361
Revenues and Other Sources over (under) Expenditures and Other Uses	(19,844)	(19,769)	11,295	31,064
Unreserved - Undesignated Fund				
Balance - July 1	20,195	20,195	41,479	21,284
Unreserved - Undesignated Fund				
Balance - June 30 (Budgetary Basis)	\$ 351	\$ 426	52,774	\$ 52,348
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			14,173	
Expenditures - prior year encumbrances			(12,007)	
Accrued expenditures			1,324	
Accrued payroll			64	
Decrease in reserved for encumbrances			1,036	
Unreserved - Undesignated Fund				
Balance - June 30 (GAAP Basis)			57,364	
Reserved for Encumbrances - June 30				
			19,802	
Fund Balance - June 30 (GAAP Basis)				
			\$ 77,166	

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 6)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>TAXES</u>				
GENERAL PROPERTY TAXES:				
Real Property Tax	\$ 498,500	\$ 498,500	\$ 499,677	\$ 1,177
PUBLIC SERVICE COMPANY TAX:				
Public Service Company Tax	24,500	24,500	29,116	4,616
TOTAL TAXES	523,000	523,000	528,793	5,793
<u>LICENSES AND PERMITS</u>				
BUSINESS LICENSES AND PERMITS:				
Police and Protective:				
Second-Hand and Junk Dealers	12	12	16	4
Alarm Permits	125	125	167	42
Other	7	7	12	5
Professional and Occupational:				
Refuse Collector	6	6	9	3
Other	--	--	1	1
Total Business Licenses and Permits	150	150	205	55
NON-BUSINESS LICENSES AND PERMITS:				
Building Structures and Equipment Permits:				
Building	11,500	11,500	12,222	722
Signs	32	32	25	(7)
Motor Vehicle Licenses and Fees:				
Motor Vehicle Plate and Tag Fees	1,647	1,647	1,947	300
Motor Vehicle Transfer Fees and Penalty	2,673	2,673	2,891	218
Duplicate Registration and Ownership Certificates	219	219	235	16
Motor Vehicle Registration Annual Fee	13,432	13,432	13,394	(38)
Other	31	31	19	(12)
Other Vehicle Licenses and Fees:				
Passenger and Freight Vehicle Permit Fees	66	66	82	16
Nonresident Vehicle Permit	22	22	18	(4)
Motor Vehicle Drivers' Licenses	4,089	4,089	3,487	(602)
Animal Licenses:				
Dog Licenses and Tag Fees	265	265	242	(23)
Street, Sidewalk and Curb Permits:				
Easement Grants	128	128	335	207
Newsstands	21	21	30	9
Telephone Enclosures	35	35	4	(31)
Dispensing Rack	75	75	135	60
Fire Code Permits and License Fees	259	259	469	210
Total Non-Business Licenses and Permits	34,494	34,494	35,535	1,041
TOTAL LICENSES AND PERMITS	34,644	34,644	35,740	1,096

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 6)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>				
FEDERAL GRANTS:				
Civil Defense Administration Expense	113	113	131	18
Total Federal Grants	<u>113</u>	<u>113</u>	<u>131</u>	<u>18</u>
STATE GRANT:				
Transient Accommodation Tax	36,800	36,800	38,925	2,125
Total State Grant	<u>36,800</u>	<u>36,800</u>	<u>38,925</u>	<u>2,125</u>
INTERGOVERNMENTAL PAYMENTS IN LIEU OF TAXES:				
Fish and Wildlife Service	17	17	--	(17)
Total Intergovernmental Payments in Lieu of Taxes	<u>17</u>	<u>17</u>	<u>--</u>	<u>(17)</u>
TOTAL INTERGOVERNMENTAL	<u>36,930</u>	<u>36,930</u>	<u>39,056</u>	<u>2,126</u>
<u>CHARGES FOR SERVICES</u>				
GENERAL GOVERNMENT:				
Data Processing Services:				
Duplication of Master Tapes	23	23	38	15
Data Processing Service - State	225	225	480	255
Data Processing Service - U.S. Government	9	9	90	81
Data Processing Service - Other Counties	290	290	267	(23)
Legal Services (BWS)	30	30	30	--
Service Fee for Dishonored Checks	29	29	21	(8)
Band Collections	4	4	11	7
Automotive Equipment Service Charges	157	157	131	(26)
Subdivision Fees	150	150	121	(29)
Application Fees for Zoning Regulations	233	233	151	(82)
Nonconforming Use Renewal Fees	350	350	397	47
Plan Review Use Fees	1,200	1,200	1,387	187
Administrative Fee--Multi-Family Housing Program.....	64	64	753	689
Military Housing Fee in Lieu of Property Tax	--	--	350	350
Zoning/Flood Clearance Fee	19	19	26	7
Fees for Certificates, Copies and Extracts of Records ...	116	116	133	17
Fees for Services	47	47	125	78
Custodial and Attendant Services	--	--	254	254
Spay-Neuter Service	553	553	369	(184)
Other	5	5	15	10
Total General Government	<u>3,504</u>	<u>3,504</u>	<u>5,149</u>	<u>1,645</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 3 of 6)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
PUBLIC SAFETY:				
Police Charges:				
Taxicab Drivers' and Pedicab Operators' Certificates .	41	41	43	2
HPD Special Duty Fees	150	150	157	7
Miscellaneous:				
Other	2	2	1	(1)
Total Public Safety	<u>193</u>	<u>193</u>	<u>201</u>	<u>8</u>
HIGHWAYS AND STREETS:				
Parking:				
City Employees	491	491	438	(53)
HPD Parking Lot	127	127	130	3
Total Highways and Streets	<u>618</u>	<u>618</u>	<u>568</u>	<u>(50)</u>
CULTURE-RECREATION:				
Commercial Activities:				
Scuba and Snorkeling	19	19	30	11
Windsurfing	4	4	2	(2)
Commercial Filming	6	6	15	9
Summer Fun Program	188	188	341	153
Fall and Spring Program	25	25	58	33
Foster Botanic Garden	110	110	127	17
Fees for Community Garden	50	50	40	(10)
Total Culture-Recreation	<u>402</u>	<u>402</u>	<u>613</u>	<u>211</u>
TOTAL CHARGES FOR SERVICES	<u>4,717</u>	<u>4,717</u>	<u>6,531</u>	<u>1,814</u>
<u>FINES AND FORFEITS</u>				
FINES:				
Fines	161	161	175	14
Liquidated Contract Damages	--	--	3	3
Total Fines	<u>161</u>	<u>161</u>	<u>178</u>	<u>17</u>
FORFEITS:				
Forfeiture of Seized Property	50	50	--	(50)
TOTAL FINES AND FORFEITS	<u>211</u>	<u>211</u>	<u>178</u>	<u>(33)</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 4 of 6)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS				
REIMBURSEMENTS AND RECOVERIES:				
Reimbursements from State:				
Fireboat Operations	1,422	1,422	1,625	203
HPD Civil Defense Coordinator	29	29	29	--
Motor Vehicle Inspection Program	507	507	479	(28)
Administration Cost - Ewa Highway Impact Fee	--	--	35	35
Family Support Program	987	987	809	(178)
Emergency Ambulance Services	19,560	19,560	21,023	1,463
Collection Cost - State Motor Vehicle Weight Tax, etc.	724	724	642	(82)
Commercial Drivers' License Program	342	342	364	22
Recoveries:				
Overhead Charges	201	201	258	57
Workers' Compensation Payment	450	450	474	24
Real Property Tax Services	160	160	94	(66)
Central Administrative Service Expenses:				
Board of Water Supply	4,000	4,000	--	(4,000)
Debt Service Charges - Enterprise Funds:				
Sewer	19,695	19,695	19,692	(3)
Solid Waste	31,163	31,163	31,069	(94)
Housing	9,689	9,689	9,689	--
Workers' Compensation Claims (Third Party)	75	75	90	15
Fuel Taxes for Off-Highway Use Vehicles	60	60	12	(48)
Recoveries - Other	14	14	19	5
Total Reimbursements and Recoveries	<u>89,078</u>	<u>89,078</u>	<u>86,403</u>	<u>(2,675)</u>
INTEREST:				
Interest Earnings:				
Investments	7,600	7,600	4,073	(3,527)
Other Sources	--	--	13	13
Total Interest	<u>7,600</u>	<u>7,600</u>	<u>4,086</u>	<u>(3,514)</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 5 of 6)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
OTHER MISCELLANEOUS:				
Rents:				
Rental Units:				
Rental Units (City Property)	186	186	256	70
Rental Units (HCD Property)	--	--	334	334
Rental - Ambulance Facilities	64	64	64	--
Rental of Parks and Recreational Facilities:				
Perquisite Housing	23	23	21	(2)
Other	--	--	1	1
Rental of Equipment	7	7	5	(2)
Rental for Use of Land	61	61	67	6
Rental of Other Properties:				
Harbor Court Lease Rent	500	500	759	259
Chinatown Community Service Center	--	--	15	15
Total Rents	841	841	1,522	681
Concessions:				
Tennis Court Concession	97	97	36	(61)
Food Concession - HPD	--	--	15	15
Public Pay Phones	120	120	7	(113)
Total Concessions	217	217	58	(159)
Contributions from Private Sources:				
Contributions to the City	--	--	218	218
Developers' Premium	--	--	44	44
Unclaimed Monies:				
Police Department	5	5	--	(5)
Total Contributions from Private Sources	5	5	262	257
Other:				
Towing Service Premiums	540	540	590	50
Vacation Accumulation Deposits	41	41	258	217
Miscellaneous Sales	153	153	107	(46)
Sundry Refunds	826	826	1,442	616
Sundry Realizations	54	54	21	(33)
Total Other	1,614	1,614	2,418	804
Total Other Miscellaneous	2,677	2,677	4,260	1,583
TOTAL MISCELLANEOUS	99,355	99,355	94,749	(4,606)
TOTAL REVENUES	698,857	698,857	705,047	6,190

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 6 of 6)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>OTHER FINANCING SOURCES</u>				
SALES OF CAPITAL ASSETS:				
Sale of Capital Assets	34,130	35,670	35,616	(54)
TOTAL SALES OF GENERAL FIXED ASSETS ...	34,130	35,670	35,616	(54)
TRANSFERS FROM OTHER FUNDS:				
Recovery of Central Administrative Service Expenses:				
Highway Fund	6,839	6,839	6,839	--
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	145	145	145	--
Bikeway Fund	20	20	20	--
Sewer Fund	5,747	5,747	5,747	--
Liquor Commission Fund	175	175	175	--
Rental Assistance Fund	12	12	12	--
Hanauma Bay Nature Preserve Fund	216	216	216	--
Golf Fund	904	904	904	--
Special Events Fund	774	774	774	--
Solid Waste Special Fund	7,002	7,002	7,002	--
Recovery of Debt Service Charges:				
Highway Fund	27,402	27,402	24,446	(2,956)
Hanauma Bay Nature Preserve Fund	1,602	1,602	1,602	--
Golf Fund	8,048	8,048	8,048	--
Special Events Fund	5,072	5,072	5,072	--
Other Transfers:				
Sewer Fund	507	507	507	--
Liquor Commission Fund	100	100	100	--
Solid Waste Special Fund	264	264	264	--
Capital Projects Fund	--	--	105	105
TOTAL TRANSFERS FROM OTHER FUNDS	64,829	64,829	61,978	(2,851)
TOTAL OTHER FINANCING SOURCES	98,959	100,499	97,594	(2,905)
TOTAL GENERAL FUND	\$ 797,816	\$ 799,356	\$ 802,641	\$ 3,285

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 14,014	\$ 20,429
Receivables:		
Public Utilities	13,697	12,709
Intergovernmental	4,515	4,884
Total Assets	\$ 32,226	\$ 38,022
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 359	\$ 183
Due to other funds:		
General Fund	49	84
Sewer Fund	1	9
Accrued payroll	265	261
Deferred revenue	13,697	12,709
Total Liabilities	14,371	13,246
Fund Balance:		
Reserved for encumbrances	1,257	1,696
Unreserved - undesignated	16,598	23,080
Total Fund Balance	17,855	24,776
Total Liabilities and Fund Balance	\$ 32,226	\$ 38,022

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 73,218	\$ 73,218	\$ 78,748	\$ 5,530
Licenses and permits	42,114	42,114	47,745	5,631
Charges for services	5,708	5,708	4,406	(1,302)
Fines and forfeits	25	25	34	9
Miscellaneous:				
Reimbursements and recoveries	131	131	364	233
Other	2,041	2,041	2,027	(14)
Total Revenues	123,237	123,237	133,324	10,087
Expenditures:				
Current:				
General government:				
Design and Construction	3,665	3,665	3,323	342
Facility Maintenance	7,134	7,169	7,165	4
Planning and Permitting	1,331	1,331	1,318	13
Total General government	12,130	12,165	11,806	359
Public safety:				
Police	18,774	18,774	18,207	567
Transportation Services	3,627	3,621	3,316	305
Total Public safety	22,401	22,395	21,523	872
Highways and streets:				
Facility Maintenance	13,707	13,847	13,843	4
Sanitation:				
Environmental Services	964	971	696	275
Utilities or other enterprises:				
Transportation Services	1,277	1,285	1,253	32
Miscellaneous:				
Retirement and health benefits:				
Provisional	11,185	11,185	10,390	795
Other:				
Provisional	1,924	1,740	1,260	480
Total Miscellaneous	13,109	12,925	11,650	1,275
Total Expenditures	63,588	63,588	60,771	2,817
Revenues over Expenditures	59,649	59,649	72,553	12,904

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Source (Uses):				
Sales of capital assets	412	412	261	(151)
Transfers out:				
Debt service - Budget and Fiscal Services	(27,402)	(27,402)	(24,446)	2,956
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(6,839)	(6,839)	(6,839)	--
Bus subsidy - Budget and Fiscal Services	(48,173)	(48,173)	(48,173)	--
Total Transfers out.....	(82,414)	(82,414)	(79,458)	2,956
Total Other Financing Source (Uses)	(82,002)	(82,002)	(79,197)	2,805
Revenues and Other Source under Expenditures and Other Uses	(22,353)	(22,353)	(6,644)	15,709
Unreserved - Undesignated Fund Balance - July 1	22,353	22,353	23,080	727
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis).....	\$ --	\$ --	16,436	\$ 16,436
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			1,020	
Expenditures - prior year encumbrances			(1,398)	
Accrued expenditures			101	
Decrease in reserved for encumbrances			439	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			16,598	
Reserved for Encumbrances - June 30			1,257	
Fund Balance - June 30 (GAAP Basis)			\$ 17,855	

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>TAXES</u>			
GROSS RECEIPTS BUSINESS TAXES:			
Public Utility Franchise Tax	\$ 25,098	\$ 27,394	\$ 2,296
SELECTIVE SALES AND USE TAXES:			
Fuel Tax	48,120	51,354	3,234
TOTAL TAXES	73,218	78,748	5,530
<u>LICENSES AND PERMITS</u>			
NON-BUSINESS LICENSES AND PERMITS:			
Building Structures and Equipment Permits -			
Grading, Excavations and Fills	212	254	42
Other Permits	8	8	--
Motor Vehicle Licenses and Fees -			
Motor Vehicle Weight Tax	40,528	45,527	4,999
Other Vehicle Licenses and Fees	1,045	1,645	600
Street and Sidewalk Use - Taxi Stand	9	9	--
Freight Curb and Passenger Loading Zone Permits	227	229	2
Excavation and Repair of Streets and Sidewalks	85	73	(12)
TOTAL LICENSES AND PERMITS	42,114	47,745	5,631
<u>CHARGES FOR SERVICES</u>			
GENERAL GOVERNMENT:			
Sidewalk and Driveway Specifications Filing Fees	12	13	1
HIGHWAYS AND STREETS:			
Street and Sidewalk Charges	46	16	(30)
Street Parking Meter Collections	3,450	2,710	(740)
Other Parking Meter Collections	2,172	1,660	(512)
Other	28	7	(21)
Total Highways and Streets	5,696	4,393	(1,303)
TOTAL CHARGES FOR SERVICES	5,708	4,406	(1,302)
<u>FINES AND FORFEITS</u>			
FINES:			
Fines	25	34	9
TOTAL FINES AND FORFEITS	25	34	9

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
REIMBURSEMENTS AND RECOVERIES:			
Reimbursement from State for			
Traffic Signal Maintenance	115	351	236
Recovery of Overhead Charges	11	13	2
Recovery of Overtime Inspection	5	--	(5)
Total Reimbursements and Recoveries	131	364	233
OTHER MISCELLANEOUS:			
Rents:			
Rental for Use of Land	50	58	8
Total Rents	50	58	8
Concessions:			
Kekaulike Parking Lot	60	60	--
Marin Towers Garage	450	347	(103)
Harbor Court Garage	405	326	(79)
Kukui Plaza Garage	975	902	(73)
Smith-Beretania Garage	--	65	65
Total Concessions	1,890	1,700	(190)
Other:			
Vacation Accumulation Deposits	--	73	73
Miscellaneous Sales	1	4	3
Sundry Realization	--	4	4
Sundry Refunds	100	188	88
Total Other	101	269	168
Total Other Miscellaneous	2,041	2,027	(14)
TOTAL MISCELLANEOUS	2,172	2,391	219
TOTAL REVENUES	123,237	133,324	10,087
OTHER FINANCING SOURCES			
SALES OF CAPITAL ASSETS:			
Sales of Capital Assets	25	27	2
Compensation for Loss of Capital Assets	387	234	(153)
TOTAL OTHER FINANCING SOURCES	412	261	(151)
TOTAL HIGHWAY FUND	\$ 123,649	\$ 133,585	\$ 9,936

CITY AND COUNTY OF HONOLULU
HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED
VEHICLES REVOLVING FUND

BALANCE SHEET
JUNE 30, 2005
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
(Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 720	\$ 490
Total Asset	\$ 720	\$ 490
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 179	\$ 54
Accrued payroll	7	--
Total Liabilities	186	54
Fund Balance:		
Reserved for encumbrances	342	335
Unreserved - undesignated	192	101
Total Fund Balance	534	436
Total Liabilities and Fund Balance	\$ 720	\$ 490

CITY AND COUNTY OF HONOLULU
**HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED
VEHICLES REVOLVING FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Charges for services	\$ 3,003	\$ 3,041	\$ 38
Total Revenue	3,003	3,041	38
Expenditure:			
Current:			
General government:			
Customer Services	2,908	2,854	54
Total Expenditure	2,908	2,854	54
Revenue over Expenditure	95	187	92
Other Financing Use:			
Transfer out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(145)	(145)	--
Revenue over (under) Expenditure and Other Use ...	(50)	42	92
Unreserved - Undesignated Fund Balance - July 1	50	101	51
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	143	\$ 143
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		184	
Expenditures - prior year encumbrances		(128)	
Increase in reserved for encumbrances		(7)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		192	
Reserved for Encumbrances - June 30		342	
Fund Balance - June 30 (GAAP Basis)		\$ 534	

CITY AND COUNTY OF HONOLULU
HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED
VEHICLES REVOLVING FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
<u>HIGHWAYS AND STREETS:</u>			
Highway Beautification Fees	\$ 3,003	\$ 3,041	\$ 38
 TOTAL HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED VEHICLES REVOLVING FUND REVENUE	 <u>\$ 3,003</u>	 <u>\$ 3,041</u>	 <u>\$ 38</u>

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 576	\$ 226
Total Asset	\$ 576	\$ 226
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1	\$ --
Due to other fund:		
Sewer Fund	17	--
Total Liabilities	18	--
Fund Balance:		
Reserved for encumbrances	14	--
Unreserved - undesignated	544	226
Total Fund Balance	558	226
Total Liabilities and Fund Balance	\$ 576	\$ 226

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Licenses and permits	\$ 366	\$ 353	\$ (13)
Total Revenue	366	353	(13)
Expenditures:			
Current:			
Public safety:			
Transportation Services	390	281	109
Highways and streets:			
Facility Maintenance	10	2	8
Total Expenditures	400	283	117
Revenue over (under) Expenditures	(34)	70	104
Other Financing Source (Uses):			
Transfer in	--	391	391
Transfers out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(20)	(20)	--
Capital improvements:			
Design and Construction	(123)	(123)	--
Total Transfers out	(143)	(143)	--
Total Other Financing Source (Uses)	(143)	248	391
Revenue and Other Source over (under) Expenditures and Other Uses	(177)	318	495
Unreserved - Undesignated Fund Balance - July 1	177	226	49
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	544	\$ 544
Adjustments to conform with generally accepted accepted accounting principles:			
Encumbrances included above		14	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		(14)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		544	
Reserved for Encumbrances - June 30		14	
Fund Balance - June 30 (GAAP Basis)		\$ 558	

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>LICENSES AND PERMITS</u>			
<u>NON-BUSINESS LICENSES AND PERMITS:</u>			
Other Vehicle Licenses and Fees -			
Bicycle Licenses	\$ 366	\$ 353	\$ (13)
TOTAL REVENUES	<u>366</u>	<u>353</u>	<u>(13)</u>
<u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
Capital Projects Fund	--	391	391
TOTAL OTHER FINANCING SOURCE	<u>--</u>	<u>391</u>	<u>391</u>
TOTAL BIKEWAY FUND	<u>\$ 366</u>	<u>\$ 744</u>	<u>\$ 378</u>

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 2,745	\$ 3,163
Total Asset	\$ 2,745	\$ 3,163
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 2,745	\$ 3,163
Total Fund Balance	\$ 2,745	\$ 3,163

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ --	\$ 448	\$ 448
Total Revenue	--	448	448
Other Financing Source (Use):			
Transfer in	--	134	134
Transfers out:			
Capital improvements:			
Design and Construction	(1,000)	(1,000)	--
Total Other Financing Source (Use)	(1,000)	(866)	134
Revenue and Other Source under Other Use	(1,000)	(418)	582
Unreserved - Undesignated Fund Balance - July 1	2,080	3,163	1,083
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 1,080	2,745	\$ 1,665
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		2,745	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 2,745	

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Contributions from Private Sources:			
Subdividers' Contributions for			
Parks and Playgrounds	\$ --	\$ 448	\$ 448
TOTAL REVENUE	--	448	448
<u>OTHER FINANCING SOURCE</u>			
TRANSFER FROM OTHER FUND:			
Other Transfer -			
Capital Projects Fund	--	134	134
TOTAL OTHER FINANCING SOURCE	--	134	134
TOTAL PARKS AND PLAYGROUNDS FUND	\$ --	\$ 582	\$ 582

CITY AND COUNTY OF HONOLULU
FEDERAL REVENUE SHARING FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 47	\$ 47
Total Asset	\$ 47	\$ 47
 <u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 47	\$ 47
Total Fund Balance	\$ 47	\$ 47

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 1,222	\$ 1,083
Total Asset	\$ 1,222	\$ 1,083
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 8	\$ 1
Accrued payroll	21	16
Due to other fund:		
General Fund	1	--
Total Liabilities	30	17
Fund Balance:		
Reserved for encumbrances	135	141
Unreserved - undesignated	1,057	925
Total Fund Balance	1,192	1,066
Total Liabilities and Fund Balance	\$ 1,222	\$ 1,083

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Licenses and permits	\$ 2,755	\$ 2,755	\$ 2,811	\$ 56
Charges for services	128	128	124	(4)
Fines and forfeits	200	200	179	(21)
Miscellaneous:				
Other	--	--	5	5
Total Revenues	3,083	3,083	3,119	36
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	2,696	2,696	2,096	600
Corporation Counsel	81	81	62	19
Information Technology	39	41	40	1
Total General government	2,816	2,818	2,198	620
Miscellaneous:				
Retirement and health benefits:				
Provisional	540	540	500	40
Other:				
Provisional	134	132	35	97
Total Miscellaneous	674	672	535	137
Total Expenditures	3,490	3,490	2,733	757
Revenues over (under) Expenditures	(407)	(407)	386	793
Other Financing Uses:				
Transfers out:				
Reimbursement for central administrative				
service expenses - Budget and Fiscal Services	(175)	(175)	(175)	--
Other - Budget and Fiscal Services	(100)	(100)	(100)	--
Total Other Financing Uses	(275)	(275)	(275)	--
Revenues over (under) Expenditures and Other Uses	(682)	(682)	111	793
Unreserved - Undesignated Fund Balance - July 1	682	682	925	243
Unreserved - Undesignated Fund Balance - June 30				
(Budgetary Basis)	<u>\$ --</u>	<u>\$ --</u>	<u>1,036</u>	<u>\$ 1,036</u>

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			121	
Expenditures - prior year encumbrances			(106)	
Decrease in reserved for encumbrances			6	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			1,057	
Reserved for Encumbrances - June 30			135	
Fund Balance - June 30 (GAAP Basis)			\$ 1,192	

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>LICENSES AND PERMITS</u>			
<u>BUSINESS LICENSES AND PERMITS:</u>			
Alcoholic Licenses and Permits	\$ 2,755	\$ 2,811	\$ 56
<u>CHARGES FOR SERVICES</u>			
<u>GENERAL GOVERNMENT:</u>			
Charges for Publications, Reports, Copies, etc.	2	2	--
Fees:			
Charge for Photo I.D.	120	118	(2)
Other	<u>6</u>	<u>4</u>	<u>(2)</u>
TOTAL CHARGES FOR SERVICES	<u>128</u>	<u>124</u>	<u>(4)</u>
<u>FINES AND FORFEITS</u>			
<u>FINES:</u>			
Fines - Liquor Commission	200	179	(21)
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Other:			
Vacation Accumulation Deposits	<u>--</u>	<u>5</u>	<u>5</u>
TOTAL LIQUOR COMMISSION FUND REVENUES	<u>\$ 3,083</u>	<u>\$ 3,119</u>	<u>\$ 36</u>

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 924	\$ 1,038
Total Asset	\$ 924	\$ 1,038
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Accounts payable	\$ --	\$ 6
Total Liability	--	6
Fund Balance:		
Reserved for encumbrances	27	--
Unreserved - undesignated	897	1,032
Total Fund Balance	924	1,032
Total Liability and Fund Balance	\$ 924	\$ 1,038

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ 233	\$ 38	\$ (195)
Total Revenue	233	38	(195)
Expenditure:			
Current:			
Human services:			
Community Services	233	161	72
Total Expenditure	233	161	72
Revenue over (under) Expenditure	--	(123)	(123)
Other Financing Use:			
Transfer out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(12)	(12)	--
Revenue under Expenditure and Other Use	(12)	(135)	(123)
Unreserved - Undesignated Fund Balance - July 1	1,022	1,032	10
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 1,010	897	\$ (113)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		27	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		(27)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		897	
Reserved for Encumbrances - June 30		27	
Fund Balance - June 30 (GAAP Basis)		\$ 924	

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Rents:			
Rental of Parking Stalls	\$ --	\$ 38	\$ 38
Rental of Other City Facilities	<u>233</u>	<u>--</u>	<u>(233)</u>
 TOTAL RENTAL ASSISTANCE			
FUND REVENUE	<u>\$ 233</u>	<u>\$ 38</u>	<u>\$ (195)</u>

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 44	\$ 40
Total Asset	\$ 44	\$ 40
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 44	\$ 40
Total Fund Balance	\$ 44	\$ 40

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ --	\$ 5	\$ 5
Total Revenue	--	5	5
Expenditure:			
Current:			
Culture-recreation:			
Enterprise Services	15	1	14
Revenue over (under) Expenditure	(15)	4	19
Unreserved - Undesignated Fund Balance - July 1	31	40	9
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 16	44	\$ 28
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		44	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 44	

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Other:			
Sale of Animals	\$ --	\$ 5	\$ 5
 TOTAL ZOO ANIMAL PURCHASE FUND REVENUE	 \$ --	 \$ 5	 \$ 5

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 2,855	\$ 1,906
Total Asset	\$ 2,855	\$ 1,906
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 88	\$ 209
Accrued payroll	20	11
Total Liabilities	108	220
Fund Balance:		
Reserved for encumbrances	201	270
Unreserved - undesignated	2,546	1,416
Total Fund Balance	2,747	1,686
Total Liabilities and Fund Balance	\$ 2,855	\$ 1,906

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 3,460	\$ 3,460	\$ 3,787	\$ 327
Miscellaneous:				
Other	1,136	1,136	1,066	(70)
Total Revenues	<u>4,596</u>	<u>4,596</u>	<u>4,853</u>	<u>257</u>
Expenditures:				
Current:				
Public safety:				
Emergency Services	518	518	518	--
Culture-recreation:				
Enterprise Services	14	14	--	14
Parks and Recreation	1,872	1,877	1,845	32
Total Culture-recreation	<u>1,886</u>	<u>1,891</u>	<u>1,845</u>	<u>46</u>
Miscellaneous:				
Retirement and health benefits:				
Provisional	292	292	247	45
Other:				
Provisional	17	12	--	12
Total Miscellaneous	<u>309</u>	<u>304</u>	<u>247</u>	<u>57</u>
Total Expenditures	<u>2,713</u>	<u>2,713</u>	<u>2,610</u>	<u>103</u>
Revenues over Expenditures	<u>1,883</u>	<u>1,883</u>	<u>2,243</u>	<u>360</u>
Other Financing Source (Uses):				
Transfer in	500	500	500	--
Transfers out:				
Debt service - Budget and Fiscal Services	(1,602)	(1,602)	(1,602)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(216)	(216)	(216)	--
Total Other Financing Uses	<u>(1,818)</u>	<u>(1,818)</u>	<u>(1,818)</u>	<u>--</u>
Total Other Financing Source (Uses)	<u>(1,318)</u>	<u>(1,318)</u>	<u>(1,318)</u>	<u>--</u>
Revenues and Other Source over Expenditures and Other Uses	565	565	925	360
Unreserved - Undesignated Fund Balance - July 1	1,449	1,449	1,416	(33)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 2,014</u>	<u>\$ 2,014</u>	2,341	<u>\$ 327</u>

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			128	
Expenditures - prior year encumbrances			(192)	
Accrued expenditures			200	
Decrease in reserved for encumbrances			69	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			2,546	
Reserved for Encumbrances - June 30			201	
Fund Balance - June 30 (GAAP Basis)			\$ 2,747	

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
<u>HIGHWAYS AND STREETS:</u>			
Hanauma Bay Parking	\$ 160	\$ 212	\$ 52
<u>CULTURE-RECREATION:</u>			
Miscellaneous:			
Hanauma Bay Admission Fee	3,300	3,575	275
TOTAL CHARGES FOR SERVICES	3,460	3,787	327
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Concessions:			
Parks and Recreation Facilities:			
Hanauma Gift Shop Concession	48	62	14
Hanauma Beach Park Concession	261	199	(62)
Hanauma Shuttle Bus Service	37	15	(22)
Hanauma Snorkling Rental	790	790	--
TOTAL MISCELLANEOUS	1,136	1,066	(70)
TOTAL REVENUES	4,596	4,853	257
<u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
General Fund	500	500	--
TOTAL HANAUMA BAY NATURE PRESERVE FUND	\$ 5,096	\$ 5,353	\$ 257

CITY AND COUNTY OF HONOLULU
SPECIAL RESERVE FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 5,034	\$ 5,034
Total Asset	\$ 5,034	\$ 5,034
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 5,034	\$ 5,034
Total Fund Balance	\$ 5,034	\$ 5,034

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 225	\$ 153
Receivables:		
Loans	186	195
Intergovernmental	2,153	874
Total Assets	\$ 2,564	\$ 1,222
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 2,204	\$ 799
Due to other funds:		
General Fund	--	67
Federal Grants Capital Projects Fund	2	--
General Trust Fund	--	12
Deferred revenue	186	195
Total Liabilities	2,392	1,073
Fund Balance:		
Reserved for encumbrances	17,488	13,931
Unreserved - undesignated	(17,316)	(13,782)
Total Fund Balance	172	149
Total Liabilities and Fund Balance	\$ 2,564	\$ 1,222

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 14,432	\$ 11,238	\$ (3,194)
Total Revenues	14,432	11,238	(3,194)
Expenditures:			
Current:			
General government:			
Budget and Fiscal Services	683	598	85
Design and Construction	104	83	21
Planning and Permitting	50	47	3
Total General government	837	728	109
Human services:			
Community Services	1,194	1,088	106
Utilities or other enterprises:			
Transportation Services	700	700	--
Capital improvements:			
Design and Construction	25	25	--
Community Services	21,752	21,752	--
Total Capital improvements	21,777	21,777	--
Total Expenditures	24,508	24,293	215
Revenues under Expenditures	(10,076)	(13,055)	(2,979)
Other Financing Source:			
Transfer in	8,831	8,831	--
Revenues and Other Source under Expenditures	(1,245)	(4,224)	(2,979)
Unreserved - Undesignated Fund Balance - July 1	1,255	(13,782)	(15,037)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 10	(18,006)	\$ (18,016)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		12,408	
Expenditures - prior year encumbrances		(7,790)	
Increase in reserved for encumbrances		(3,557)	
Transfers out - prior year encumbrances		(371)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		(17,316)	
Reserved for Encumbrances - June 30		17,488	
Fund Balance - June 30 (GAAP Basis)		\$ 172	

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>			
<u>FEDERAL GRANTS:</u>			
Community Development Block Grant	\$ 14,432	\$ 11,238	\$ (3,194)
TOTAL REVENUES	<u>14,432</u>	<u>11,238</u>	<u>(3,194)</u>
<u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
Housing and Community Development			
Rehabilitation Loan Fund	6,831	6,831	--
Pauahi Project Expenditures Hawaii R-15 Fund	<u>2,000</u>	<u>2,000</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCE	<u>8,831</u>	<u>8,831</u>	<u>--</u>
TOTAL COMMUNITY DEVELOPMENT FUND	<u>\$ 23,263</u>	<u>\$ 20,069</u>	<u>\$ (3,194)</u>

CITY AND COUNTY OF HONOLULU
GOLF FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 1,249	\$ 725
Due from other fund:		
General Fund	65	--
Total Assets	\$ 1,314	\$ 725
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 364	\$ 176
Accrued payroll	64	39
Total Liabilities	428	215
Fund Balance:		
Reserved for encumbrances	226	229
Unreserved - undesignated	660	281
Total Fund Balance	886	510
Total Liabilities and Fund Balance	\$ 1,314	\$ 725

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 5,901	\$ 5,901	\$ 4,915	\$ (986)
Miscellaneous:				
Other	3,309	3,309	3,218	(91)
Total Revenues	9,210	9,210	8,133	(1,077)
Expenditures:				
Current:				
Culture-recreation:				
Enterprise Services	8,100	8,125	6,928	1,197
Miscellaneous:				
Retirement and health benefits:				
Provisional	1,763	1,763	1,644	119
Other:				
Provisional	79	54	22	32
Total Miscellaneous	1,842	1,817	1,666	151
Total Expenditures	9,942	9,942	8,594	1,348
Revenues under Expenditures	(732)	(732)	(461)	271
Other Finance Sources (Uses):				
Sales of general fixed assets	--	--	13	13
Transfer in	9,684	9,684	9,684	--
Transfers out:				
Debt service - Budget and Fiscal Services	(8,048)	(8,048)	(8,048)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(904)	(904)	(904)	--
Total Other Financing Sources (Uses)	732	732	745	13
Revenues and Other Sources over Expenditures and Other Uses	--	--	284	284
Unreserved - Undesignated Fund Balance - July 1	--	--	281	281
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ --</u>	<u>\$ --</u>	565	<u>\$ 565</u>

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			226	
Expenditures - prior year encumbrances			(134)	
Decrease in reserved for encumbrances			<u>3</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			660	
Reserved for Encumbrances - June 30			<u>226</u>	
Fund Balance - June 30 (GAAP Basis)			<u>\$ 886</u>	

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenues</u>	Original and Final <u>Budget</u>	<u>Actual</u>	Final Variance Favorable (Unfavorable)
<u>CHARGES FOR SERVICES</u>			
CULTURE-RECREATION:			
Golf Course Fees	\$ 5,901	\$ 4,915	\$ (986)
TOTAL CHARGES FOR SERVICES	5,901	4,915	(986)
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Rents:			
Golf Cart Rentals	2,827	2,516	(311)
Total Rents	2,827	2,516	(311)
Concessions:			
Food Concession - Golf Courses	113	120	7
Golf Course - Pro Shops	9	9	--
Golf Course - Driving Range	360	543	183
Total Concessions	482	672	190
Other:			
Sundry Refunds	--	30	30
TOTAL MISCELLANEOUS	3,309	3,218	(91)
TOTAL REVENUES	9,210	8,133	(1,077)
<u>OTHER FINANCING SOURCES</u>			
SALES OF GENERAL FIXED ASSETS:			
Sale of Fixed Assets	--	13	13
TRANSFER FROM OTHER FUND:			
Other Transfer -			
General Fund	9,684	9,684	--
TOTAL OTHER FINANCING SOURCES	9,684	9,697	13
TOTAL GOLF FUND	\$ 18,894	\$ 17,830	\$ (1,064)

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 218	\$ 196
Due from other fund:		
General Fund	797	202
Total Assets	\$ 1,015	\$ 398
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 189	\$ 103
Accrued payroll	96	75
Total Liabilities	285	178
Fund Balance:		
Reserved for encumbrances	150	157
Unreserved - undesignated	580	63
Total Fund Balance	730	220
Total Liabilities and Fund Balance	\$ 1,015	\$ 398

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 1,260	\$ 1,260	\$ 1,542	\$ 282
Miscellaneous:				
Reimbursements and recoveries	14	14	9	(5)
Interest	10	10	46	36
Other	6,274	6,274	6,100	(174)
Total Revenues	7,558	7,558	7,697	139
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	130	130	98	32
Culture-recreation:				
Enterprise Services	7,446	7,785	7,351	434
Miscellaneous:				
Retirement and health benefits:				
Provisional	2,306	2,306	2,023	283
Other:				
Provisional	301	262	240	22
Total Miscellaneous	2,607	2,568	2,263	305
Total Expenditures	10,183	10,483	9,712	771
Revenues under Expenditures	(2,625)	(2,925)	(2,015)	910
Other Finance Source (Uses):				
Transfer in	8,073	8,373	8,373	--
Transfers out:				
Debt service - Budget and Fiscal Services	(5,072)	(5,072)	(5,072)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(774)	(774)	(774)	--
Total Other Financing Source (Uses)	2,227	2,527	2,527	--

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues and Other Source over (under) Expenditures and Other Uses	(398)	(398)	512	910
Unreserved - Undesignated Fund Balance - July 1	398	398	63	(335)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	\$ --	575	\$ 575
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			120	
Expenditures - prior year encumbrances			(122)	
Decrease in reserved for encumbrances			7	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			580	
Reserved for Encumbrances - June 30			150	
Fund Balance - June 30 (GAAP Basis)			\$ 730	

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
CHARGES FOR SERVICES				
GENERAL GOVERNMENT:				
Surcharge on Auditorium Tickets	\$ --	\$ --	\$ 132	\$ 132
CULTURE-RECREATION:				
Honolulu Zoo	<u>1,260</u>	<u>1,260</u>	<u>1,410</u>	<u>150</u>
TOTAL CHARGES FOR SERVICES	<u>1,260</u>	<u>1,260</u>	<u>1,542</u>	<u>282</u>
MISCELLANEOUS				
REIMBURSEMENTS AND RECOVERIES:				
Recovery of Utility Charges	14	14	9	(5)
INTEREST:				
Interest Earnings:				
Investments	10	10	46	36
OTHER MISCELLANEOUS:				
Rents:				
Rental for Use of Land	18	18	19	1
Rental of Auditorium Facilities	1,929	1,929	1,706	(223)
Auditorium Equipment Rental	968	968	917	(51)
Rental of Other Properties:				
Parking Stalls	<u>2</u>	<u>2</u>	<u>--</u>	<u>(2)</u>
Total Rents	<u>2,917</u>	<u>2,917</u>	<u>2,642</u>	<u>(275)</u>
Concessions:				
Food Concession - Auditoriums	658	658	700	42
Food Concession - Honolulu Zoo	120	120	120	--
Food Concession - Parks	224	224	216	(8)
Parking - Auditoriums	1,620	1,620	1,420	(200)
Novelty Sales Concession - Auditoriums	60	60	82	22
Other - Auditoriums	4	4	--	(4)
Beach Concession - Parks	492	492	727	235
Pouring Rights	172	172	137	(35)
Other Concessions	<u>7</u>	<u>7</u>	<u>15</u>	<u>8</u>
Total Concessions	<u>3,357</u>	<u>3,357</u>	<u>3,417</u>	<u>60</u>

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
Other:				
Vacation Accumulation Deposits	--	--	40	40
Sundry Refunds	--	--	1	1
Total Other	--	--	41	41
Total Other Miscellaneous	6,274	6,274	6,100	(174)
TOTAL MISCELLANEOUS	6,298	6,298	6,155	(143)
TOTAL REVENUES	7,558	7,558	7,697	139
<u>OTHER FINANCING SOURCE</u>				
<u>TRANSFER FROM OTHER FUND:</u>				
Other Transfer -				
General Fund	8,073	8,373	8,373	--
TOTAL SPECIAL EVENTS FUND	<u>\$ 15,631</u>	<u>\$ 15,931</u>	<u>\$ 16,070</u>	<u>\$ 139</u>

CITY AND COUNTY OF HONOLULU
FARMERS HOME ADMINISTRATION LOAN FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 46	\$ 46
Total Asset	\$ 46	\$ 46
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 46	\$ 46
Total Fund Balance	\$ 46	\$ 46

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 5,085	\$ 3,824
Total Asset	\$ 5,085	\$ 3,824
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 218	\$ 204
Due to other funds:		
General Fund	97	--
Federal Grants Fund	5	--
Housing and Community Development Revolving Fund	12	--
Deferred revenue	225	180
Total Liabilities	557	384
Fund Balance:		
Reserved for encumbrances	2,724	1,777
Unreserved - undesignated	1,804	1,663
Total Fund Balance	4,528	3,440
Total Liabilities and Fund Balance	\$ 5,085	\$ 3,824

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 9,956	\$ 13,188	\$ 7,238	\$ (5,950)
Miscellaneous:				
Interest	--	--	15	15
Other	--	--	2,115	2,115
Total Revenues	9,956	13,188	9,368	(3,820)
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	--	172	46	126
City Council	44	44	44	--
Customer Services	56	56	43	13
Mayor	--	801	674	127
Prosecuting Attorney	1,496	2,172	1,247	925
Total General government	1,596	3,245	2,054	1,191
Public safety:				
Emergency Services	417	417	417	--
Fire	--	35	35	--
Mayor	45	61	42	19
Police	--	1,412	155	1,257
Transportation Services	--	2,254	797	1,457
Total Public safety	462	4,179	1,446	2,733
Sanitation:				
Environmental Services	--	200	--	200
Human services:				
Community Services	7,542	7,685	4,521	3,164
Culture-recreation:				
Enterprise Services	--	150	150	--
Parks and Recreation	200	1,910	856	1,054
Total Culture-recreation	200	2,060	1,006	1,054
Total Expenditures	9,800	17,369	9,027	8,342
Revenues over (under) Expenditures	156	(4,181)	341	4,522
Unreserved - Undesignated Fund Balance - July 1	--	--	1,663	1,663
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 156	\$ (4,181)	2,004	\$ 6,185
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			1,997	
Expenditures - prior year encumbrances			(1,032)	
Accrued expenditures			(218)	
Increase in reserved for encumbrances			(947)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			1,804	
Reserved for Encumbrances - June 30			2,724	
Fund Balance - June 30 (GAAP Basis)			\$ 4,528	

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>				
FEDERAL GRANTS:				
Workforce Investment Act	\$ 214	\$ 214	\$ --	\$ (214)
STATE GRANTS:				
Community Programming	56	56	87	31
Family Self-Sufficiency	--	51	279	228
Hawaii Career Criminal Prosecution	726	726	53	(673)
Healthy Hawaii Initiative	200	277	34	(243)
Ho'Ala - JTPA	765	840	733	(107)
HTA-County Product Enrichment	--	800	600	(200)
Jobs - JTPA	274	274	222	(52)
LEPC Emergency Planning and Preparedness	85	101	42	(59)
Lifeguard Services at State Parks	417	417	417	--
North-South Road, Phase I	--	2,178	660	(1,518)
Program on Aging-State Share	3,536	3,536	3,193	(343)
State Criminal Forfeiture	--	--	530	530
State Fire Council	--	35	35	--
Victim/Witness Kokua	770	770	353	(417)
State Grants-Other	2,600	2,600	--	(2,600)
Grants from Other Agencies	313	313	--	(313)
Total State Grants	9,742	12,974	7,238	(5,736)
TOTAL INTERGOVERNMENTAL	9,956	13,188	7,238	(5,950)
<u>MISCELLANEOUS</u>				
INTEREST:				
Interest Earnings:				
Investments	--	--	15	15
OTHER MISCELLANEOUS:				
Other	--	--	2,115	2,115
TOTAL MISCELLANEOUS	--	--	2,130	2,130
TOTAL SPECIAL PROJECTS FUND REVENUES	\$ 9,956	\$ 13,188	\$ 9,368	\$ (3,820)

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 13,742	\$ 11,013
Receivables:		
Loans	1,687	1,330
Intergovernmental	29,289	21,542
Due from other fund:		
Special Projects Fund	5	--
Total Assets	\$ 44,723	\$ 33,885
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,460	\$ 45
Due to other funds:		
General Fund	27,974	21,300
Housing and Community Development Revolving Fund	207	--
General Trust Fund	--	5
Deferred revenue	1,994	1,546
Total Liabilities	31,635	22,896
Fund Balance:		
Reserved for encumbrances	16,484	14,553
Unreserved - undesignated	(3,396)	(3,564)
Total Fund Balance	13,088	10,989
Total Liabilities and Fund Balance	\$ 44,723	\$ 33,885

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 40,024	\$ 80,296	\$ 54,943	\$ (25,353)
Miscellaneous:				
Interest	--	--	124	124
Other	--	--	1,621	1,621
Total Revenues	40,024	80,296	56,688	(23,608)
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	372	372	246	126
Design and Construction	--	9	9	--
Information Technology	129	129	76	53
Planning and Permitting	229	330	318	12
Prosecuting Attorney	994	1,658	1,148	510
Total General government	1,724	2,498	1,797	701
Public safety:				
Emergency Services	--	441	440	1
Fire	--	1,212	1,059	153
Mayor	61	19,949	8,502	11,447
Police	--	13,555	5,020	8,535
Total Public safety	61	35,157	15,021	20,136
Sanitation:				
Environmental Services	200	200	--	200
Human services:				
Community Services	15,576	20,568	12,021	8,547
Culture-recreation:				
Parks and Recreation	429	429	371	58
Utilities or other enterprises:				
Transportation Services	21,940	28,170	27,629	541
Total Expenditures	39,930	87,022	56,839	30,183

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues under Expenditures	94	(6,726)	(151)	6,575
Unreserved - Undesignated Fund Balance - July 1	--	--	(3,564)	(3,564)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 94	\$ (6,726)	(3,715)	\$ 3,011
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			10,642	
Expenditures - prior year encumbrances			(8,392)	
Increase in reserved for encumbrances			(1,931)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			(3,396)	
Reserved for Encumbrances - June 30			16,484	
Fund Balance - June 30 (GAAP Basis)			\$ 13,088	

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL				
FEDERAL GRANTS:				
Assistance To Firefighters - FEMA	\$ --	\$ 1,102	\$ 878	\$ (224)
Byrne Formula Grant	--	244	192	(52)
Child Care Coordinator	392	392	--	(392)
Coastal Zone Management	229	232	230	(2)
Community Prosecution	78	78	--	(78)
COPS More Grant	--	990	141	(849)
Crime Victim Assistance Grant	647	747	754	7
Domestic Preparedness Equipment Support	--	150	152	2
Domestic Violence	--	--	92	92
Domestic Violence-Penal Summons and Prosecution ...	--	280	248	(32)
Economic Opportunities	--	350	187	(163)
Equipment Support Funds	--	522	502	(20)
Federal Highway Administration	--	240	--	(240)
Federal Transit Administration	21,800	27,654	27,627	(27)
FEMA - Grant	--	98	88	(10)
FEMA Supplemental Grant Funds	--	39	131	92
Forensic DNA Testing Program	--	295	54	(241)
High Intensity Drug Trafficking Area Grant	--	3,353	2,461	(892)
Home Grant	1,198	1,198	1,122	(76)
Homeland Security Grant Funds	--	19,849	6,240	(13,609)
Homeland Security Overtime Program	--	1,424	1,422	(2)
Ho'omana Youth Program	100	100	--	(100)
HUD - Youthbuild Program	236	473	308	(165)
Juvenile Accountability Incentive Block Grant	592	678	569	(109)
Juvenile Justice Waipahu	--	--	23	23
Local Law Enforcement Block Grants	269	421	145	(276)
Metropolitan Medical Strike Team	--	290	290	--
Office of Youth Services Grant	50	50	50	--
Program On Aging	3,808	3,807	2,794	(1,013)
Rebuild America Program	--	9	9	--
Rural Oahu Development Program	433	1,151	327	(824)
Shelter Plus Care Program	2,000	2,000	1,309	(691)
Statewide Medical-Legal Collaborative Project	--	40	12	(28)
Summer Food Service Program	300	300	242	(58)
Supportive Housing Program	700	700	407	(293)
Traffic Safety Education Program	--	135	--	(135)
Twenty-First Century Learning Centers Grant	79	79	79	--
Volunteer Fire Assistance Grant	--	110	50	(60)
Walkwise Kupuna	--	1	1	--
Workforce Investment Act	6,928	9,292	5,395	(3,897)
Youth Offender Demonstration Program	185	1,423	412	(1,011)
TOTAL INTERGOVERNMENTAL	40,024	80,296	54,943	(25,353)

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>				
INTEREST:				
Interest Earnings:				
Investments	--	--	124	124
OTHER MISCELLANEOUS:				
Other:				
Other	--	--	1,553	1,553
Sundry Refunds	--	--	68	68
Total Other	--	--	<u>1,621</u>	<u>1,621</u>
TOTAL MISCELLANEOUS	--	--	<u>1,745</u>	<u>1,745</u>
TOTAL FEDERAL GRANTS FUND				
REVENUES	<u>\$ 40,024</u>	<u>\$ 80,296</u>	<u>\$ 56,688</u>	<u>\$ (23,608)</u>

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
REHABILITATION LOAN FUND

BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 3,120	\$ 9,245
Receivable:		
Loans	11,480	12,103
Total Assets	\$ 14,600	\$ 21,348
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	\$ 11,559	\$ 12,103
Total Liability	11,559	12,103
Fund Balance:		
Reserved for encumbrances	3,041	9,245
Total Fund Balance	3,041	9,245
Total Liability and Fund Balance	\$ 14,600	\$ 21,348

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
REHABILITATION LOAN FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous:			
Interest	\$ 225	\$ 66	\$ (159)
Other	2,746	2,383	(363)
Total Revenues	2,971	2,449	(522)
Expenditure:			
Current:			
Human services:			
Community Services	2,449	2,449	--
Total Expenditure	2,449	2,449	--
Revenues over Expenditure	522	--	(522)
Other Financing Use:			
Transfer out:			
Other - Budget and Fiscal Services	(6,831)	(6,831)	--
Revenues under Expenditure and Other Use.....	(6,309)	(6,831)	(522)
Unreserved - Undesignated Fund Balance - July 1	6,831	--	(6,831)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 522	(6,831)	\$ (7,353)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		2,173	
Expenditures - prior year encumbrances		(1,546)	
Decrease in reserved for encumbrances		6,204	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		--	
Reserved for Encumbrances - June 30		3,041	
Fund Balance - June 30 (GAAP Basis)		\$ 3,041	

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
REHABILITATION LOAN FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
INTEREST:			
Interest Earnings:			
Investments	\$ 225	\$ 56	\$ (169)
Other Sources	--	10	10
	<hr/>	<hr/>	<hr/>
Total Interest	225	66	(159)
OTHER MISCELLANEOUS:			
Repayments of Department of Housing and Community Development Loans:			
Principal	2,600	2,293	(307)
Interest	145	89	(56)
Late Charge	1	1	--
	<hr/>	<hr/>	<hr/>
Total Other Miscellaneous	2,746	2,383	(363)
TOTAL HOUSING AND COMMUNITY DEVELOPMENT REHABILITATION LOAN FUND REVENUES			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,971	\$ 2,449	\$ (522)

CITY AND COUNTY OF HONOLULU
 PAUHI PROJECT EXPENDITURES, HAWAII R-15 FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 833	\$ 2,816
Total Asset	\$ 833	\$ 2,816
<u>FUND BALANCE</u>		
Fund Balance:		
Reserved for encumbrances	\$ --	\$ 1,764
Unreserved - undesignated	833	1,052
Total Fund Balance	833	2,816
Total Fund Balance	\$ 833	\$ 2,816

CITY AND COUNTY OF HONOLULU
PAUAI PROJECT EXPENDITURES, HAWAII R-15 FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Interest	\$ --	\$ 17	\$ 17
Total Revenue	--	17	17
Other Financing Use:			
Transfer out:			
Other - Budget and Fiscal Services	(2,000)	(2,000)	--
Revenue under Other Use	(2,000)	(1,983)	17
Unreserved - Undesignated Fund Balance - July 1	2,807	1,052	(1,755)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 807	(931)	\$ (1,738)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Decrease in reserved for encumbrances		1,764	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		833	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 833	

CITY AND COUNTY OF HONOLULU
PAUAAHI PROJECT EXPENDITURES, HAWAII R-15 FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
INTEREST:			
Interest Earnings:			
Investments	\$ --	\$ 17	\$ 17
 TOTAL PAUAAHI PROJECT EXPENDITURES, HAWAII R-15 FUND REVENUE	 \$ --	 \$ 17	 \$ 17

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND

BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 4,965	\$ 3,627
Receivables:		
Accounts (net of allowance for uncollectibles)	390	285
Loans	2,964	3,360
Intergovernmental	--	339
	<u>\$ 8,319</u>	<u>\$ 7,611</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 124	\$ 116
Deferred revenue	4,222	3,984
	<u>4,346</u>	<u>4,100</u>
Fund Balance:		
Reserved for encumbrances	4,041	3,466
Unreserved - undesignated	(68)	45
	<u>3,973</u>	<u>3,511</u>
	<u>\$ 8,319</u>	<u>\$ 7,611</u>

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 35,975	\$ 36,751	\$ 34,656	\$ (2,095)
Miscellaneous:				
Interest	--	--	68	68
Other	--	--	434	434
Total Revenues	<u>35,975</u>	<u>36,751</u>	<u>35,158</u>	<u>(1,593)</u>
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	157	157	157	--
Information Technology	129	129	104	25
Total General government	286	286	261	25
Human services:				
Community Services	35,410	36,186	36,003	183
Total Expenditures	<u>35,696</u>	<u>36,472</u>	<u>36,264</u>	<u>208</u>
Revenues over (under) Expenditures	279	279	(1,106)	(1,385)
Unreserved - Undesignated Fund Balance - July 1	--	--	45	45
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 279</u>	<u>\$ 279</u>	(1,061)	<u>\$ (1,340)</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			1,610	
Expenditures - prior year encumbrances			(42)	
Increase in reserved for encumbrances			<u>(575)</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			(68)	
Reserved for Encumbrances - June 30			<u>4,041</u>	
Fund Balance - June 30 (GAAP Basis)			<u>\$ 3,973</u>	

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>				
FEDERAL GRANTS:				
Section 8 Grants:				
Moderate Rehabilitation Program, (001)	\$ 65	\$ 65	\$ 54	\$ (11)
Existing Housing Voucher Program	35,800	36,536	34,025	(2,511)
Moderate Rehabilitation Program, (002)	110	110	91	(19)
Mainstream Voucher	--	40	486	446
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL INTERGOVERNMENTAL	35,975	36,751	34,656	(2,095)
<u>MISCELLANEOUS</u>				
INTEREST:				
Interest Earnings:				
Investments	--	--	62	62
Other Sources	--	--	6	6
	<hr/>	<hr/>	<hr/>	<hr/>
Total Interest	--	--	68	68
<u>OTHER MISCELLANEOUS:</u>				
Rents:				
Rental for Use of Land.....	--	--	12	12
Other:				
Escheats	--	--	42	42
Sundry Refunds	--	--	380	380
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Miscellaneous	--	--	434	434
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL MISCELLANEOUS	--	--	502	502
<u>TOTAL HOUSING AND COMMUNITY DEVELOPMENT SECTION 8 CONTRACT FUND REVENUES.....</u>				
	<u>\$ 35,975</u>	<u>\$ 36,751</u>	<u>\$ 35,158</u>	<u>\$ (1,593)</u>

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND

BALANCE SHEET

JUNE 30, 2005

WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004

(Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 656	\$ 709
Total Asset	\$ 656	\$ 709
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	\$ 407	\$ 392
Total Liability	407	392
Fund Balance:		
Unreserved - undesignated	249	317
Total Fund Balance	249	317
Total Liability and Fund Balance	\$ 656	\$ 709

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ 203	\$ 27	\$ (176)
Total Revenue	203	27	(176)
Expenditures:			
Current:			
Human services:			
Community Services	301	95	206
Total Expenditures	301	95	206
Revenue under Expenditures	(98)	(68)	30
Unreserved - Undesignated Fund Balance - July 1	201	317	116
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 103	249	\$ 146
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		249	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 249	

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Other:			
Sundry Realizations	\$ 203	\$ 27	\$ (176)
 TOTAL LEASEHOLD CONVERSION FUND REVENUE	 <u>\$ 203</u>	 <u>\$ 27</u>	 <u>\$ (176)</u>

CITY AND COUNTY OF HONOLULU
 REVOLVING FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	Totals	
				2005	2004
ASSETS					
Cash and investments:					
With Treasury	\$ 1,514	\$ 5	\$ 126	\$ 1,645	\$ 1,850
Due from other funds:					
Special Projects Fund	--	12	--	12	--
Federal Grants Fund	--	207	--	207	--
Inventories - Municipal Stores	--	--	28	28	36
Total Assets	<u>\$ 1,514</u>	<u>\$ 224</u>	<u>\$ 154</u>	<u>\$ 1,892</u>	<u>\$ 1,886</u>
FUND BALANCES					
Fund Balances:					
Unreserved - undesignated	\$ 1,514	\$ 224	\$ 154	\$ 1,892	\$ 1,886
Total Fund Balances	<u>1,514</u>	<u>224</u>	<u>154</u>	<u>1,892</u>	<u>1,886</u>
Total Fund Balances	<u>\$ 1,514</u>	<u>\$ 224</u>	<u>\$ 154</u>	<u>\$ 1,892</u>	<u>\$ 1,886</u>

CITY AND COUNTY OF HONOLULU
REVOLVING FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	Totals	
				2005	2004
Revenue:					
Miscellaneous:					
Other	\$ --	\$ --	\$ 29	\$ 29	\$ 38
Total Revenue	<u> --</u>	<u> --</u>	<u> 29</u>	<u> 29</u>	<u> 38</u>
Expenditure:					
Current:					
General government	<u> 2</u>	<u> --</u>	<u> 21</u>	<u> 23</u>	<u> 45</u>
Total Expenditure	<u> 2</u>	<u> --</u>	<u> 21</u>	<u> 23</u>	<u> 45</u>
Revenue over (under) Expenditure	(2)	--	8	6	(7)
Fund Balances - July 1	<u> 1,516</u>	<u> 224</u>	<u> 146</u>	<u> 1,886</u>	<u> 1,893</u>
Fund Balances - June 30	<u>\$ 1,514</u>	<u>\$ 224</u>	<u>\$ 154</u>	<u>\$ 1,892</u>	<u>\$ 1,886</u>

CITY AND COUNTY OF HONOLULU
GENERAL OBLIGATION BOND AND INTEREST REDEMPTION FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Cash and investments:		
With Treasury	\$ 2,160	\$ 355
With fiscal agents	<u>4</u>	<u>3</u>
Total Assets	<u>\$ 2,164</u>	<u>\$ 358</u>
 <u>LIABILITIES</u>		
Liabilities:		
Interest payable - matured	\$ 142	\$ 149
Bonds payable - matured	209	209
Due to other fund:		
General Fund	<u>1,813</u>	<u>--</u>
Total Liabilities	<u>\$ 2,164</u>	<u>\$ 358</u>

CITY AND COUNTY OF HONOLULU
GENERAL OBLIGATION BOND AND INTEREST REDEMPTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
Expenditures:		
Tax exempt commercial paper:		
Principal retirement	\$ 191,800	\$ 165,675
Interest charges	2,918	6,412
General obligation bonds:		
Bond principal retirement	79,844	91,208
Interest charges	80,687	74,076
Total Expenditures	355,249	337,371
Other Financing Sources (Use):		
Issuance of tax exempt commercial paper	--	18,022
Issuance of general obligation bonds	165,313	116,981
Issuance of refunding bonds	145,077	275,444
Bond premium	26,501	36,677
Bond discount	(14)	(223)
Transfers from other funds:		
General Fund - Principal	79,844	91,208
General Fund - Interest	83,605	74,706
Payment of refunded bonds	(145,077)	(275,444)
Total Other Financing Sources (Uses)	355,249	337,371
Other Financing Sources over Expenditures and Other Use	--	--
Fund Balances - July 1	--	--
Fund Balances - June 30	\$ --	\$ --

CITY AND COUNTY OF HONOLULU
IMPROVEMENT DISTRICT BOND AND INTEREST REDEMPTION FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Cash and investments:		
With Treasury	\$ 1,028	\$ 1,037
Receivables:		
Special assessments - current	127	127
Special assessments - deferred	730	1,149
Total Assets	<u>\$ 1,885</u>	<u>\$ 2,313</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ --	\$ 4
Interest payable - matured	4	4
Bonds payable - matured	5	5
Due to other fund:		
Capital Projects Fund	93	95
Deferred revenue	730	1,149
Total Liabilities	<u>832</u>	<u>1,257</u>
Fund Balance:		
Reserved for debt service	<u>1,053</u>	<u>1,056</u>
Total Fund Balance	<u>1,053</u>	<u>1,056</u>
Total Liabilities and Fund Balance	<u>\$ 1,885</u>	<u>\$ 2,313</u>

CITY AND COUNTY OF HONOLULU
IMPROVEMENT DISTRICT BOND AND INTEREST REDEMPTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
Revenues:		
Special assessments	\$ 419	\$ 56
Miscellaneous:		
Interest	90	123
Other	3	6
Total Revenues	512	185
Expenditures:		
Special assessment bonds:		
Bond principal retirement	365	365
Interest charges	57	81
Total Expenditures	422	446
Revenues over (under) Expenditures	90	(261)
Other Financing Use:		
Transfers to other fund:		
Capital Projects Fund	(93)	(95)
Revenues under Expenditures and Other Use	(3)	(356)
Fund Balances - July 1	1,056	1,412
Fund Balances - June 30	\$ 1,053	\$ 1,056

CITY AND COUNTY OF HONOLULU
GENERAL IMPROVEMENT BOND FUND
BALANCE SHEET
JUNE 30, 2005
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
(Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 17,092	\$ 7,098
Due from other funds:		
Highway Improvement Bond Fund	--	457
Solid Waste Special Fund	113	4,740
Total Assets	\$ 17,205	\$ 12,295
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 7,938	\$ 5,824
Due to other fund:		
Sewer Fund	4,015	4,876
Total Liabilities	11,953	10,700
Fund Balance:		
Reserved for encumbrances	234,246	291,086
Unreserved - undesignated	(228,994)	(289,491)
Total Fund Balance	5,252	1,595
Total Liabilities and Fund Balance	\$ 17,205	\$ 12,295

CITY AND COUNTY OF HONOLULU
GENERAL IMPROVEMENT BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
Revenue:		
Miscellaneous:		
Interest	\$ 108	\$ --
Total Revenue	108	--
Expenditures:		
Capital outlay:		
General government	16,968	28,176
Public safety	10,570	4,576
Highways and streets	23,106	6,329
Culture-recreation	42,536	35,282
Total Expenditures	93,180	74,363
Revenue under Expenditures	(93,072)	(74,363)
Other Financing Sources (Use):		
Sales of capital assets	479	--
Issuance of tax exempt commercial paper	96,250	51,242
Issuance of general obligation bonds	--	41,815
Transfer to other fund:		
Public Transportation System	--	(20)
Total Other Financing Sources (Use)	96,729	93,037
Revenue and Other Sources over Expenditures and Other Use	3,657	18,674
Fund Balance - July 1	1,595	(17,079)
Fund Balance - June 30	\$ 5,252	\$ 1,595

CITY AND COUNTY OF HONOLULU
HIGHWAY IMPROVEMENT BOND FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 6,613	\$ 10,595
Total Asset	\$ 6,613	\$ 10,595
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 8,521	\$ 7,472
Due to other fund:		
General Improvement Bond Fund	--	457
Total Liabilities	8,521	7,929
Fund Balance:		
Reserved for encumbrances	190,752	207,380
Unreserved - undesignated	(192,660)	(204,714)
Total Fund Balance	(1,908)	2,666
Total Liabilities and Fund Balance	\$ 6,613	\$ 10,595

CITY AND COUNTY OF HONOLULU
HIGHWAY IMPROVEMENT BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
Expenditures:		
Capital outlay:		
General government	\$ 111	\$ 7
Public safety	6,532	5,763
Highways and streets	32,654	20,353
Culture-recreation	--	534
Utilities or other enterprises	34,827	12,921
Total Expenditures	74,124	39,578
Other Financing Sources (Use):		
Issuance of general obligation bonds	--	63,543
Issuance of tax exempt commercial paper	69,550	30,000
Transfer to other fund:		
Public Transportation System	--	(23,878)
Total Other Financing Sources (Use)	69,550	69,665
Revenue and Other Sources over (under) Expenditures and Other Use	(4,574)	30,087
Fund Balance - July 1	2,666	(27,421)
Fund Balance - June 30	\$ (1,908)	\$ 2,666

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS CAPITAL PROJECTS FUND

BALANCE SHEET

JUNE 30, 2005

WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004

(Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 7,809	\$ 9,378
Receivables:		
Loans	45,081	46,587
Intergovernmental	2,269	4,056
Due from other fund:		
Community Development Fund	2	--
Total Assets	\$ 55,161	\$ 60,021
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,448	\$ 5,439
Deferred revenue	46,241	48,914
Total Liabilities	47,689	54,353
Fund Balance:		
Reserved for encumbrances	37,378	43,902
Unreserved - undesignated	(29,906)	(38,234)
Total Fund Balance	7,472	5,668
Total Liabilities and Fund Balance	\$ 55,161	\$ 60,021

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
Revenue:		
Intergovernmental	\$ 12,481	\$ 48,222
Total Revenue	12,481	48,222
Expenditures:		
Capital outlay:		
General government	912	2,337
Public safety	731	1,148
Highways and streets	5,830	8,032
Human services	1,972	6,247
Culture-recreation	80	148
Utilities or other enterprises	1,523	1,467
Total Expenditures	11,048	19,379
Revenue under Expenditures	1,433	28,843
Other Financing Source (Use):		
Transfer from other fund:		
Community Development Fund	371	342
Transfer to other fund:		
Public Transportation System	--	(31,387)
Total Other Financing Source (Use)	371	(31,045)
Revenue and Other Source over (under) Expenditures and Other Use	1,804	(2,202)
Fund Balance - July 1	5,668	7,870
Fund Balance - June 30	\$ 7,472	\$ 5,668

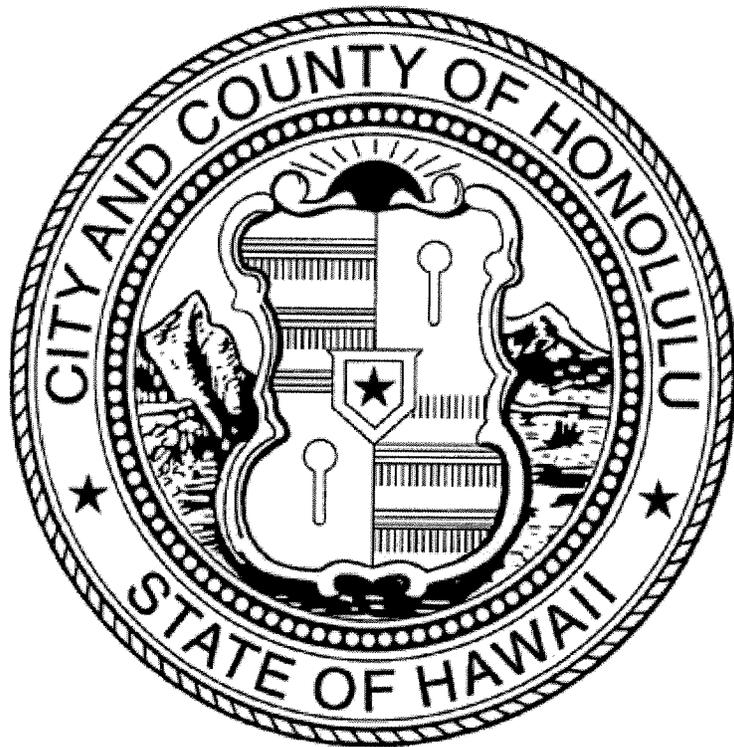
CITY AND COUNTY OF HONOLULU
CAPITAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 24,203	\$ 25,135
Receivables:		
Intergovernmental	184	--
Other	143	--
Due from other fund:		
Improvement District Bond and Interest Redemption Fund	93	95
Total Assets	\$ 24,623	\$ 25,230
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Accounts payable	\$ 690	\$ 309
Total Liability	690	309
Fund Balance:		
Reserved for encumbrances	12,924	13,316
Unreserved - undesignated	11,009	11,605
Total Fund Balance	23,933	24,921
Total Liability and Fund Balance	\$ 24,623	\$ 25,230

CITY AND COUNTY OF HONOLULU
CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	2005	2004
Revenue:		
Miscellaneous:		
Other	\$ 1,202	\$ 3,357
Total Revenue	1,202	3,357
Expenditures:		
Capital outlay:		
General government	272	34
Public safety	--	67
Highways and streets	647	181
Sanitation	196	7
Culture-recreation	1,661	477
Total Expenditures	2,776	766
Revenue over (under) Expenditures	(1,574)	2,591
Other Financing Sources (Uses):		
Issuance of long-term notes	--	13
Transfers from other funds:		
Bikeway Fund	123	495
Parks and Playgrounds Fund	1,000	3,500
Improvement District Bond and Interest Redemption Fund	93	95
Transfers to other funds:		
General Fund	(105)	(72)
Bikeway Fund	(391)	(84)
Parks and Playgrounds Fund	(134)	(770)
Total Other Financing Sources (Uses)	586	3,177
Revenue and Other Sources over (under) Expenditures and Other Uses	(988)	5,768
Fund Balance - July 1	24,921	19,153
Fund Balance - June 30	\$ 23,933	\$ 24,921

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**STATISTICAL SECTION
(Unaudited)**

TABLE 1
CITY AND COUNTY OF HONOLULU
NET ASSETS BY COMPONENT
FISCAL YEARS 2002 - 2005
(Amounts in thousands)
(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	\$ 275,456	\$ 262,817	\$ 211,083	\$ 155,932
Restricted	1,347	1,412	1,056	1,053
Unrestricted	79,576	47,330	84,837	95,024
Total governmental activities net assets	<u>\$ 356,379</u>	<u>\$ 311,559</u>	<u>\$ 296,976</u>	<u>\$ 252,009</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 725,510	\$ 702,785	\$ 747,875	\$ 759,186
Restricted	54,489	20,603	22,584	26,882
Unrestricted	63,894	20,841	(52,186)	(62,557)
Total business-type activities net assets	<u>\$ 843,893</u>	<u>\$ 744,229</u>	<u>\$ 718,273</u>	<u>\$ 723,511</u>
Primary government				
Invested in capital assets, net of related debt	\$ 1,000,966	\$ 965,602	\$ 958,958	\$ 915,118
Restricted	55,836	22,015	23,640	27,935
Unrestricted	143,470	68,171	32,651	32,467
Total primary government net assets	<u>\$ 1,200,272</u>	<u>\$ 1,055,788</u>	<u>\$ 1,015,249</u>	<u>\$ 975,520</u>

NOTE: GASB 34 was implemented beginning fiscal year 2002.

TABLE 2
CITY AND COUNTY OF HONOLULU
CHANGES IN NET ASSETS
FISCAL YEARS 2002-2005
(Amounts in thousands)
(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Program Revenues				
Governmental activities:				
Charges for services:				
General government.....	\$ 70,096	\$ 74,512	\$ 90,126	\$ 98,217
Public safety.....	9,535	26,239	26,058	31,017
Highways and streets.....	90	2,115	2,232	2,236
Sanitation.....	2	2	5	36
Human services.....	18,334	2,208	2,033	2,010
Culture and recreation.....	17,832	19,914	20,012	21,698
Utilities.....	70	--	--	--
Operating grants and contributions.....	79,500	85,512	93,590	106,383
Capital grants and contributions.....	41,336	33,736	67,675	19,723
Total governmental activities program revenues	236,795	244,238	301,731	281,320
Business-type activities:				
Charges for services:				
Housing.....	12,025	18,540	7,948	8,092
Sewer.....	113,811	115,773	115,032	118,893
Solid Waste.....	76,854	88,429	94,321	96,021
Public Transportation.....	32,279	31,776	35,333	41,958
Capital grants and contributions.....	63,577	45,235	75,658	46,091
Total business-type activities program revenues	298,546	299,753	328,292	311,055
Total primary government program revenues	\$ 535,341	\$ 543,991	\$ 630,023	\$ 592,375
Expenses				
Governmental activities:				
General government.....	\$ 141,340	\$ 148,379	\$ 147,296	\$ 146,022
Public safety.....	221,355	264,427	259,067	302,231
Highways and streets.....	61,245	45,049	19,667	23,263
Sanitation.....	562	648	699	902
Human services.....	81,607	74,463	70,165	75,943
Culture and recreation.....	75,962	68,323	61,158	81,447
Utilities.....	48,795	44,261	93,954	65,974
Retirement and health benefits.....	93,819	82,684	99,021	110,991
Miscellaneous.....	34,153	21,288	29,232	19,445
Interest.....	54,943	60,203	64,558	65,525
Total governmental activities expenses	813,781	809,725	844,817	891,743
Business-type activities:				
Housing.....	13,319	24,151	16,247	10,418
Sewer.....	112,700	130,186	123,653	131,452
Solid Waste.....	126,807	140,060	136,623	138,443
Public Transportation.....	148,231	150,523	150,267	162,429
Total business-type activities expenses	401,057	444,920	426,790	442,742
Total primary government expenses	\$ 1,214,838	\$ 1,254,645	\$ 1,271,607	\$ 1,334,485
Net Revenue (Expense)				
Governmental activities.....	\$ (576,986)	\$ (565,487)	\$ (543,086)	\$ (610,423)
Business-type activities.....	(102,511)	(145,167)	(98,498)	(131,687)
Total primary government net expense	\$ (679,497)	\$ (710,654)	\$ (641,584)	\$ (742,110)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
General revenues:				
Property taxes.....	\$ 381,330	\$ 385,107	\$ 438,964	\$ 497,935
Public service company tax.....	24,821	25,171	22,819	29,665
Fuel tax.....	46,728	47,156	49,271	51,354
Public utility franchise tax.....	24,217	22,104	26,800	28,382
Investment earnings.....	7,519	3,099	1,907	4,194
Unrestricted grants and contributions.....	31,588	38,771	36,127	39,402
Harbor Court lease to fee conversion.....	11,971	31,781	--	33,271
Other.....	3,858	--	14,120	7,627
Transfers.....	(41,356)	(32,522)	(61,505)	(126,374)
Total governmental activities	490,676	520,667	528,503	565,456
Business-type activities:				
General revenues:				
Investment earnings.....	18,828	12,981	11,037	10,551
Transfers.....	41,356	32,522	61,505	126,374
Total business-type activities	60,184	45,503	72,542	136,925
Total primary government	\$ 550,860	\$ 566,170	\$ 601,045	\$ 702,381
Changes in Net Assets				
Governmental activities.....	\$ (86,310)	\$ (44,820)	\$ (14,583)	\$ (44,967)
Business-type activities.....	(42,327)	(99,664)	(25,956)	5,238
Total primary government changes in net assets	\$ (128,637)	\$ (144,484)	\$ (40,539)	\$ (39,729)

NOTE: GASB 34 was implemented in fiscal year 2002.

TABLE 3
CITY AND COUNTY OF HONOLULU
FUND BALANCES, GOVERNMENTAL FUNDS
FISCAL YEARS 1996 - 2005
(Modified accrual basis of accounting)
(Amounts in thousands)
(Unaudited)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Fund										
Reserved	\$ 19,832	\$ 20,353	\$ 15,755	\$ 19,228	\$ 20,683	\$ 18,189	\$ 19,191	\$ 21,320	\$ 20,838	\$ 19,802
Unreserved	22,021	26,611	24,511	30,515	38,176	23,347	35,159	51,496	41,479	57,364
Total general fund	<u>41,853</u>	<u>46,964</u>	<u>40,266</u>	<u>49,743</u>	<u>58,859</u>	<u>41,536</u>	<u>54,350</u>	<u>72,816</u>	<u>62,317</u>	<u>77,166</u>
All Other Governmental Funds										
Reserved	446,577	411,890	600,742	714,612	528,644	575,303	661,575	643,334	604,304	522,483
Unreserved, reported in:										
Special revenue fund	76,015	66,441	60,812	84,136	27,181	29,148	22,608	30,418	23,071	14,988
Capital projects fund	(333,213)	(283,781)	(458,072)	(483,982)	(434,053)	(471,479)	(558,241)	(616,257)	(520,834)	(440,551)
Total of other governmental funds	<u>189,379</u>	<u>194,550</u>	<u>203,482</u>	<u>314,766</u>	<u>121,772</u>	<u>132,972</u>	<u>125,942</u>	<u>57,495</u>	<u>106,541</u>	<u>96,920</u>
TOTAL FUND BALANCES	<u>\$ 231,232</u>	<u>\$ 241,514</u>	<u>\$ 243,748</u>	<u>\$ 364,509</u>	<u>\$ 180,631</u>	<u>\$ 174,508</u>	<u>\$ 180,292</u>	<u>\$ 130,311</u>	<u>\$ 168,858</u>	<u>\$ 174,086</u>

TABLE 4
CITY AND COUNTY OF HONOLULU
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
FISCAL YEARS 1996 - 2005
(Modified accrual basis of accounting)
(Amounts in thousands)
(Unaudited)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenues:										
Taxes.....	\$ 481,495	\$ 480,219	\$ 470,385	\$ 466,115	\$ 461,255	\$ 448,986	\$ 477,746	\$ 480,851	\$ 532,804	\$ 607,541
Special assessments.....	551	551	517	537	447	445	440	520	56	419
Licenses and permits.....	46,464	46,606	46,483	46,357	55,157	56,266	56,614	61,220	74,138	86,649
Intergovernmental.....	123,528	123,275	159,759	130,128	165,189	170,152	145,439	144,482	180,846	159,612
Charges for services.....	145,963	143,516	146,807	141,828	20,489	20,718	18,482	20,703	22,145	24,346
Fines and forfeits.....	498	589	559	456	477	366	460	646	657	391
Miscellaneous:										
Reimbursements and recoveries.....	63,807	67,687	66,446	78,412	97,143	87,264	76,873	78,908	77,676	86,776
Interest.....	20,048	19,702	20,844	16,567	15,098	15,234	10,086	3,646	2,473	4,620
Other.....	23,416	24,832	21,963	32,775	28,796	21,663	38,199	31,165	30,710	24,981
Total Revenues.....	905,770	906,977	933,763	913,175	844,051	821,094	824,339	822,141	921,505	995,335
Expenditures:										
Current:										
General government.....	85,566	90,855	92,734	107,163	101,740	104,720	115,314	115,067	115,975	122,306
Public safety.....	179,951	198,288	201,979	197,615	200,782	217,504	224,274	246,109	256,231	277,867
Highways and streets.....	21,398	19,112	18,072	23,872	14,964	14,976	15,122	13,831	14,964	15,731
Sanitation.....	95,424	91,232	92,257	82,569	455	482	491	648	692	734
Human services.....	20,913	57,838	61,505	65,482	61,024	68,986	64,905	52,007	56,994	55,877
Culture and recreation.....	53,995	52,732	53,882	49,674	50,125	55,555	58,410	62,260	59,512	62,971
Urban redevelopment and housing.....	36,345	4,060	2,849	--	--	--	--	--	--	--
Utilities.....	1,441	515	951	9,685	20,580	23,621	23,793	22,557	24,336	29,645
Miscellaneous:										
Retirement and health benefits.....	107,615	112,685	117,300	98,458	61,605	60,158	94,380	82,791	99,128	120,111
Other.....	29,323	19,611	16,551	17,005	14,976	15,774	20,377	18,864	22,213	17,481
Capital Outlay:										
General government.....	18,712	6,890	12,354	39,539	78,775	69,276	46,377	32,696	30,554	18,263
Public safety.....	11,409	11,109	21,784	24,743	16,357	10,828	16,777	9,802	11,554	17,833
Highways and streets.....	17,442	9,730	14,690	20,049	24,195	42,910	50,940	57,092	34,895	62,237
Sanitation.....	75,392	39,527	37,609	33,074	3,678	84	116	196	7	196
Human services.....	--	--	--	--	--	3,222	16,950	23,308	17,636	19,142
Culture and recreation.....	19,541	10,096	16,499	18,435	55,380	60,181	101,692	48,924	36,621	44,277
Urban redevelopment and housing.....	29,354	12,267	31,544	--	--	--	--	--	--	--
Utilities.....	20,949	10,809	20,320	7,909	19,646	17,213	25,014	21,704	14,388	36,350
Debt service:										
Principal.....	66,562	74,426	90,899	68,501	69,417	147,703	27,728	73,900	258,584	272,856
Interest.....	90,353	93,209	92,703	83,280	75,982	77,896	81,205	83,164	80,774	83,825
Total Expenditures.....	981,685	914,991	996,482	947,053	869,681	991,089	983,865	964,920	1,135,058	1,257,702
Revenues over (under) Expenditures.....	(75,915)	(8,014)	(62,719)	(33,878)	(25,630)	(169,995)	(159,526)	(142,779)	(213,553)	(262,367)
Other Financing Sources (Uses):										
Issuance of general obligation bonds.....	99,999	99,999	100,000	150,000	111,500	150,060	205,015	80,066	258,793	165,313
Issuance of revenue bonds with accrued interest.....	--	--	--	27,345	--	--	--	--	--	--
Issuance of tax exempt commercial paper.....	--	--	--	--	--	--	--	36,732	99,264	165,800
Issuance of long-term notes.....	5,937	--	8,727	10,999	6,094	--	1,119	2,781	13	--
Issuance of refunding bonds.....	--	--	138,472	614,474	38,500	9,300	90,584	--	275,444	145,077
Bond premium.....	--	--	--	--	--	--	--	--	--	26,501
Bond discount.....	--	--	--	--	--	--	--	--	--	(14)
Inception of installment purchase contracts.....	3,204	252	1,936	93	86	2,670	--	--	--	--
Issuance costs.....	--	--	--	--	(918)	--	--	--	--	--
Payment of refunded bonds.....	--	--	(138,472)	(614,474)	(43,500)	(9,300)	(90,584)	--	(275,444)	(145,077)
Sales of capital assets.....	1,830	181	7,424	10,189	18,006	283	532	887	10,820	36,369
Transfers in.....	237,357	284,634	349,347	277,672	230,941	221,828	211,909	238,353	274,723	254,927
Transfers out.....	(235,265)	(282,420)	(402,481)	(321,659)	(348,236)	(288,503)	(253,265)	(266,021)	(391,513)	(381,301)
Transfers to component unit.....	(79,000)	(84,350)	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses).....	34,062	18,296	64,953	154,639	12,473	86,338	165,310	92,798	252,100	267,595
Net change in fund balances.....	\$ (41,853)	\$ 10,282	\$ 2,234	\$ 120,761	\$ (13,157)	\$ (83,657)	\$ 5,784	\$ (49,981)	\$ 38,547	\$ 5,228
Debt service as a percentage of noncapital expenditures.....	19.9%	20.6%	21.8%	18.9%	21.6%	28.7%	15.0%	20.4%	34.3%	33.7%

TABLE 5
CITY AND COUNTY OF HONOLULU
REAL PROPERTY ASSESSED VALUES BY CLASSIFICATION AND TAX RATES
FISCAL YEARS 1996 - 2005
(Amounts in thousands)
(Unaudited)

(Page 1 of 2)

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1,000	Value of Net Taxable Land	Land Tax Rates Per \$1,000	Value of Net Taxable Real Property
1996	Improved Residential	\$ 7,695,925	\$ 3.92	\$ 34,476,962	\$ 3.12	\$ 42,172,887
	Unimproved Residential	40,176	3.92	1,007,570	3.92	1,047,746
	Apartment	11,883,537	3.52	7,768,722	3.52	19,652,259
	Hotel/Resort	2,241,829	9.64	2,729,852	9.64	4,971,681
	Commercial	4,016,803	8.51	7,053,885	8.51	11,070,688
	Industrial	1,442,338	8.51	4,285,282	8.51	5,727,620
	Agricultural	120,676	9.00	537,103	9.00	657,779
	Conservation	73,044	9.00	379,560	9.00	452,604
	Total	\$ 27,514,328		\$ 58,238,936		\$ 85,753,264
	Fiscal year 1996 total direct rate \$4.80					
1997	Improved Residential	\$ 8,406,430	\$ 3.92	\$ 34,255,677	\$ 3.12	\$ 42,662,107
	Unimproved Residential	43,508	3.92	1,012,525	3.92	1,056,033
	Apartment	11,659,514	3.52	7,918,914	3.52	19,578,428
	Hotel/Resort	2,045,129	9.64	2,598,091	9.64	4,643,220
	Commercial	4,022,314	8.51	6,521,422	8.51	10,543,736
	Industrial	1,500,176	8.51	4,161,332	8.51	5,661,508
	Agricultural	91,537	9.00	429,454	9.00	520,991
	Conservation	70,484	9.00	374,532	9.00	445,016
	Total	\$ 27,839,092		\$ 57,271,947		\$ 85,111,039
	Fiscal year 1997 total direct rate \$4.75					
1998	Improved Residential	\$ 8,654,984	\$ 3.92	\$ 31,966,315	\$ 3.12	\$ 40,621,299
	Unimproved Residential	40,156	3.92	917,495	3.92	957,651
	Apartment	10,949,973	3.52	7,481,771	3.52	18,431,744
	Hotel/Resort	2,186,204	9.64	2,584,261	9.64	4,770,465
	Commercial	4,140,514	8.51	6,428,698	8.51	10,569,212
	Industrial	1,512,774	8.51	3,929,058	8.51	5,441,832
	Agricultural	91,367	9.00	371,882	9.00	463,249
	Conservation	60,809	9.00	416,723	9.00	477,532
	Total	\$ 27,636,781		\$ 54,096,203		\$ 81,732,984
	Fiscal year 1998 total direct rate \$4.81					
1999	Improved Residential	\$ 9,049,562	\$ 3.49	\$ 29,075,124	\$ 3.49	\$ 38,124,686
	Unimproved Residential	40,154	4.00	893,991	4.00	934,145
	Apartment	9,762,680	3.97	6,497,815	3.97	16,260,495
	Hotel/Resort	2,191,901	9.64	2,638,300	9.64	4,830,201
	Commercial	4,190,660	8.88	5,939,935	8.88	10,130,595
	Industrial	1,590,950	8.62	3,779,419	8.62	5,370,369
	Agricultural	92,320	9.00	398,599	9.00	490,919
	Conservation	62,262	9.00	424,699	9.00	486,961
	Total	\$ 26,980,489		\$ 49,647,882		\$ 76,628,371
	Fiscal year 1999 total direct rate \$5.13					
2000	Improved Residential	\$ 9,230,152	\$ 3.65	\$ 27,176,656	\$ 3.65	\$ 36,406,808
	Unimproved Residential	41,303	4.66	760,369	4.66	801,672
	Apartment	8,770,891	4.49	5,583,553	4.49	14,354,444
	Hotel/Resort	2,181,039	9.96	2,495,333	9.96	4,676,372
	Commercial	4,376,172	9.25	5,349,767	9.25	9,725,939
	Industrial	1,592,304	9.39	3,336,296	9.39	4,928,600
	Agricultural	94,231	9.89	350,930	9.89	445,161
	Conservation	65,278	9.25	416,402	9.25	481,680
	Total	\$ 26,351,370		\$ 45,469,306		\$ 71,820,676
	Fiscal year 2000 total direct rate \$5.47					

TABLE 5
CITY AND COUNTY OF HONOLULU
REAL PROPERTY ASSESSED VALUES BY CLASSIFICATION AND TAX RATES
FISCAL YEARS 1996 - 2005
(Amounts in thousands)
(Unaudited)

(Page 2 of 2)

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1,000	Value of Net Taxable Land	Land Tax Rates Per \$1,000	Value of Net Taxable Real Property	
2001	Improved Residential	\$ 9,315,911	\$ 3.65	\$ 25,898,762	\$ 3.65	\$ 35,214,673	
	Unimproved Residential	40,789	4.66	690,343	4.66	731,132	
	Apartment	8,460,667	4.49	5,119,280	4.49	13,579,947	
	Hotel/Resort	2,068,493	9.96	2,358,990	9.96	4,427,483	
	Commercial	4,370,036	9.25	4,876,112	9.25	9,246,148	
	Industrial	1,562,797	9.39	2,997,584	9.39	4,560,381	
	Agricultural	88,643	9.89	318,530	9.89	407,173	
	Conservation	77,821	9.25	431,440	9.25	509,261	
	Total	\$ 25,985,157		\$ 42,691,041		\$ 68,676,198	
	Fiscal year 2001 total direct rate \$5.45						
	2002	Improved Residential	\$ 10,066,199	\$ 3.65	\$ 26,533,079	\$ 3.65	\$ 36,599,278
Unimproved Residential		41,985	4.66	428,191	4.66	470,176	
Apartment		8,480,325	4.21	5,038,002	4.21	13,518,327	
Hotel/Resort		2,121,627	9.96	2,435,463	9.96	4,557,090	
Commercial		4,361,423	9.25	4,798,891	9.25	9,160,314	
Industrial		1,581,298	9.39	2,838,754	9.39	4,420,052	
Agricultural		74,443	9.89	227,205	9.89	301,648	
Conservation		73,224	9.25	352,070	9.25	425,294	
Public Service.....		55,219	0.00	164,175	0.00	219,394	
Total		\$ 26,855,743		\$ 42,815,830		\$ 69,671,573	
Fiscal year 2002 total direct rate \$5.33							
2003	Improved Residential	\$ 12,230,871	\$ 3.65	\$ 27,308,923	\$ 3.65	\$ 39,539,794	
	Unimproved Residential	42,458	4.66	714,387	4.66	756,845	
	Apartment	9,305,365	3.93	4,950,109	3.93	14,255,474	
	Hotel/Resort	2,226,305	9.96	2,347,705	9.96	4,574,010	
	Commercial	4,322,821	9.25	4,839,542	9.25	9,162,363	
	Industrial	1,570,203	9.39	2,850,632	9.39	4,420,835	
	Agricultural	100,594	9.89	308,874	9.89	409,468	
	Conservation	70,744	9.25	359,754	9.25	430,498	
	Public Service.....	14,870	0.00	20,201	0.00	35,071	
	Total	\$ 29,884,231		\$ 43,700,127		\$ 73,584,358	
	Fiscal year 2003 total direct rate \$5.21						
2004	Improved Residential	\$ 13,252,080	\$ 3.75	\$ 30,260,954	\$ 3.75	\$ 43,513,034	
	Unimproved Residential	46,627	5.35	655,236	5.35	701,863	
	Apartment	11,059,012	3.75	5,074,205	3.75	16,133,217	
	Hotel/Resort	2,266,433	10.63	2,251,393	10.63	4,517,826	
	Commercial	4,349,397	10.63	4,766,874	10.63	9,116,271	
	Industrial	1,568,117	10.63	2,802,730	10.63	4,370,847	
	Agricultural	87,970	10.63	298,044	10.63	386,014	
	Preservation.....	72,126	10.63	327,477	10.63	399,603	
	Public Service.....	7,291	0.00	8,579	0.00	15,870	
	Total	\$ 32,709,053		\$ 46,445,492		\$ 79,154,545	
	Fiscal year 2004 total direct rate \$5.40						
2005	Improved Residential	(a)			Parcel Tax Rates Per \$1,000		
	Unimproved Residential	(a)			\$ 3.75	\$ 52,078,717	
	Apartment	(a)			5.72	539,376	
	Hotel/Resort	(a)			3.75	19,832,878	
	Commercial	(a)			11.37	4,526,843	
	Industrial	(a)			11.37	9,025,643	
	Agricultural	(a)			11.37	4,615,760	
	Preservation	(a)			9.57	1,382,516	
	Public Service.....	(a)			9.57	404,535	
	Total				0.00	15,114	
	Fiscal year 2005 total direct rate \$5.37						

NOTES:

Source: City and County of Honolulu, Department of Budget and Fiscal Services, Real Property Assessment Division.
(a) Land and its buildings and other improvements are required to be reported as a single value effective July 1, 2003.

Assessed value is at 100% of market value.
Property is reassessed annually.
The City Council sets the tax rates annually.
There are no overlapping property tax rates in the City and County of Honolulu.

TABLE 7
CITY AND COUNTY OF HONOLULU
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Amounts in thousands)
(Unaudited)

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections		Prepays & Overpayment Refunds Due	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Per Cent of Current Levy
	Amount	Amount	Percentage of Levy		Amount	Percentage of Levy			
1996	\$ 417,880	\$ 404,805	96.9 %	\$ 12,182	\$ 416,987	99.8 %	\$ 5,443	\$ 12,330	3.0 % (a)
1997	404,248	405,008	100.2	8,836	413,844	102.4	3,811	9,474	2.3 (a)
1998	392,100	398,975	101.8	5,440	404,415	103.1	2,205	9,214	2.3 (a)
1999	392,962	396,949	101.0	5,878	402,827	102.5	2,764	7,025	1.8
2000	393,000	392,950	100.0	6,165	399,115	101.6	2,136	6,638	1.7
2001	374,099	375,668	100.4	4,430	380,098	101.6	2,708	8,658	2.3 (a)
2002	371,234	377,742	101.8	4,707	382,449	103.0	1,725	5,234	1.4
2003	383,724	384,432	100.2	1,440	385,872	100.6	4,840	9,194	2.4 (a)
2004	427,171	430,318	100.7	4,979	435,297	101.9	3,171	8,265	1.9
2005	496,428	495,446	99.8	4,231	499,677	100.7	3,511	8,310	1.7

NOTES:

(a) Revised from prior year CAFR.

TABLE 8
CITY AND COUNTY OF HONOLULU
RATIOS OF OUTSTANDING DEBT BY TYPE
FISCAL YEARS 1996 - 2005
 (Amounts in thousands, except per capita)
 (Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)	Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	General Obligation Bonds	Tax Exempt Commercial Paper	Revenue Bonds	Special Assessment Bonds	Notes Payable	Capital Lease	General Obligation Bonds	G O Bond Anticipation Notes	Revenue Bonds	Tax Exempt Commercial Paper						
1996	\$ 1,133,075	\$ --	\$ --	\$ 4,030	\$ 58,701	\$ 3,896	\$ 324,635	\$ 63,500	\$ --	\$ --	\$ --	\$ 1,587,837	(d)	\$ 1,797.33	7.00%	\$ 1,872.66
1997	1,182,076	--	--	3,655	56,034	3,399	309,046	63,500	--	--	--	1,617,710	(d)	1,824.39	6.90%	1,895.96
1998	1,219,062	--	--	3,280	61,942	3,033	293,479	63,500	--	--	--	1,644,286	(d)	1,853.96	6.88%	1,921.46
1999	1,086,261	--	319,453 (c)	2,910	69,993 (c)	2,637	280,366	--	43,500	--	1,804,720	(d)	2,053.37	7.35%	2,117.23	
2000	987,147	--	--	2,485	3,861	2,207	469,595	--	--	67,999 (c)	1,852,747	(d)	2,116.57	7.16%	2,176.97	
2001	1,093,784	9,300	--	2,115	3,700	1,742	441,434	--	--	68,829	1,840,357	(d)	2,206.40	7.44%	2,282.13	
2002	1,298,078	11,317	--	1,745	4,620	1,239	417,095	--	10,183	90,410	2,286,150	(d)	2,583.01	8.63%	2,719.54	
2003	1,254,315	128,100	--	1,375	7,173	694	385,264	--	704,020	85,494	2,566,435	(d)	2,872.80	9.26%	3,006.30	
2004	1,438,194	63,942	--	1,010	6,636	103	354,231	--	702,975	79,880	2,657,970	(e)	2,954.65	9.91%	3,196.07	
2005	1,579,217	37,942	--	645	6,476	--	326,734	--	701,785	74,123	2,738,780	(f)	3,044.47 (g)	10.18%	3,283.51 (g)	

NOTES:

- (a) Includes governmental activities and business-type activities.
- (b) See TABLE 12 for personal income and population data.
- (c) The Sewer fund became an enterprise fund in fiscal year 2000.
- (d) Includes general obligation bonds.
- (e) 2004 personal income data not available, 2003 data utilized.
- (f) 2005 personal income data not available, 2003 data utilized.
- (g) 2005 population data not available, 2004 data utilized.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

TABLE 9
CITY AND COUNTY OF HONOLULU
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
FISCAL YEARS 1996 - 2005
(Amounts in thousands, except per capita)
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding						Percent of Net Taxable Property Value (a)	Per Capita (b)
	General Obligation Bonds	G O Bond Anticipation Notes	Tax Exempt Commercial Paper	Revenue Bonds	Notes Payable	Total		
1996	\$ 1,457,710	\$ 63,500	\$ --	\$ --	\$ 58,701	\$ 1,579,911	1.84%	\$ 1,788.36
1997	1,491,122	63,500	--	--	56,034	1,610,656	1.89%	1,816.44
1998	1,512,541	63,500	--	--	61,942	1,637,983	2.00%	1,846.84
1999	1,366,627	--	43,500	319,453 (c)	69,593	(c) 1,799,173	2.35%	2,047.06
2000	1,456,742	--	--	--	3,861	1,460,603	2.03%	1,668.59
2001	1,535,218	--	9,300	--	3,700	1,548,218	2.25%	1,760.49
2002	1,715,173	--	21,500	--	4,620	1,741,293	2.50%	1,964.82
2003	1,639,579	--	128,100	--	7,173	1,774,852	2.41%	1,986.72
2004	1,792,425	--	74,800	--	6,836	1,874,061	2.37%	2,083.23
2005	1,905,951	--	49,800	--	6,476	1,962,227	2.12%	2,181.24 (d)

NOTES:

- (a) See TABLE 5 pages 1 and 2 for net taxable property values.
- (b) See TABLE 12 for population data.
- (c) The Sewer fund became an enterprise fund in fiscal year 2000.
- (d) 2005 population data not available, 2004 data utilized.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

TABLE 10
CITY AND COUNTY OF HONOLULU
LEGAL DEBT MARGIN INFORMATION
FISCAL YEARS 1996 - 2005
(Amounts in thousands)
(Unaudited)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt limit (a)	\$ 12,862,990	\$ 12,766,656	\$ 12,259,947	\$ 11,494,256	\$ 10,773,101	\$ 10,301,430	\$ 10,450,736	\$ 11,037,654	\$ 11,873,182	\$ 13,863,192
Debt applicable to limit	1,191,776	1,238,110	1,281,004	1,475,307	991,008	(c) 1,106,784	1,314,015	1,389,588	1,508,972	1,623,635
Legal debt margin (b)	\$ 11,671,214	\$ 11,528,546	\$ 10,978,943	\$ 10,018,949	\$ 9,782,093	\$ 9,194,646	\$ 9,136,721	\$ 9,648,066	\$ 10,364,210	\$ 12,239,557
Debt applicable to the limit as a percentage of debt limit	9.27%	9.70%	10.45%	12.84%	9.20%	10.74%	12.57%	12.59%	12.71%	11.71%

NOTES:

- (a) State finance statutes limit the City's outstanding general debt to no more than 15 percent of the net assessed value of property.
- (b) The legal debt margin is the City's available borrowing authority under state finance statutes and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.
- (c) The Sewer fund became an enterprise fund in fiscal year 2000 and the revenue bonds were reclassified to business-type activities.

Legal Debt Margin Calculation for Fiscal Year 2005

Net assessed value	\$ 92,421,278
Debt limit (15% of assessed value)	13,863,192
Debt applicable to limit	1,623,635
Legal debt margin	\$ 12,239,557

TABLE 11
CITY AND COUNTY OF HONOLULU
PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Amounts in thousands)
(Unaudited)

BOARD OF WATER SUPPLY

Fiscal Year	Gross Revenues	Less: Expenses (a)	Net Available Revenue	Debt Service		Total Debt Service	Coverage (b)
				Principal	Interest		
1996	\$ 110,465	\$ 52,426	\$ 58,039	\$ --	\$ 326	\$ 326	178.03
1997	107,201	53,755	53,446	380	979	1,359	39.33
1998	113,230	57,179	56,051	390	964	1,354	41.40
1999	113,256	55,993	57,263	410	948	1,358	42.17
2000	114,313	63,670	50,643	425	930	1,355	37.37
2001	114,164	66,469	47,695	445	911	1,356	35.17
2002	122,728	75,556	47,172	--	4,608	4,608	10.24
2003	112,184	79,007	33,177	780	5,367	6,147	5.40
2004	106,000	78,108	27,892	2,691	5,723	8,414	3.31
2005	105,864	85,820	20,044	2,135	10,196	12,331	1.63

DEPARTMENT OF ENVIRONMENTAL SERVICES

Fiscal Year	Gross Revenues	Less: Expenses (a)	Net Available Revenue	Debt Service		Total Debt Service	Coverage (b)
				Principal	Interest		
1996	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
1997	--	--	--	--	--	--	--
1998	--	--	--	--	--	--	--
1999	114,430	(c) 59,869	54,561	--	8,187	8,187	6.66
2000	130,453	(c) 56,834	73,619	--	15,204	15,204	4.84
2001	118,967	(c) 66,973	51,994	--	14,034	14,034	3.70
2002	116,982	(c) 62,566	54,416	1,172	17,439	18,611	2.92
2003	113,994	(c) 59,697	54,297	1,050	21,409	22,459	2.42
2004	113,495	(c) 63,336	50,159	1,095	23,603	24,698	2.03
2005	115,144	(c) 68,326	46,818	1,140	25,956	27,096	1.73

SPECIAL ASSESSMENT BONDS

Fiscal Year	Gross Revenues	Less: Expenses (d)	Net Available Revenue	Debt Service		Total Debt Service	Coverage (b)
				Principal	Interest		
1996	\$ 1,030	\$ --	\$ 1,030	\$ 728	\$ 291	\$ 1,019	1.01
1997	918	--	918	523	254	777	1.18
1998	931	--	931	458	226	684	1.36
1999	853	--	853	370	202	572	1.49
2000	695	--	695	425	177	602	1.15
2001	707	--	707	370	152	522	1.35
2002	682	--	682	370	129	499	1.37
2003	702	--	702	370	105	475	1.48
2004	573	--	573	365	81	446	1.28
2005	512	--	512	365	56	421	1.22

NOTES:

- (a) As defined in applicable bond indenture, expenses are exclusive of depreciation and amortization of property values or losses.
- (b) Net revenues divided by total debt service.
- (c) Revised for wastewater facility system charges (excluded) and interest on investment (included).
- (d) Expenses are absorbed by the general fund.

TABLE 12
CITY AND COUNTY OF HONOLULU
DEMOGRAPHIC AND ECONOMIC STATISTICS
FISCAL YEARS 1995 THROUGH 2004
(Unaudited)

Fiscal Year Ended June 30,	Resident Population as of July 1 (a)	Personal Income (millions of dollars (b))	Per Capita Personal Income (b)	School Enrollment (c)	Unemployment Rate (d)
1995	881,399	\$ 23,565	\$ 26,736	126,686	4.3 (e)
1996	883,443	23,646	26,766	128,209	4.9 (e)
1997	886,711	24,364	27,477	127,943	4.8 (e)
1998	886,909	24,771	27,929	126,745	4.9 (e)
1999	878,906	25,303	28,789	125,579	4.4 (e)
2000	875,352 (e)	26,605	30,393 (e)	123,658	3.9 (e)
2001	879,424 (e)	26,976	30,675 (e)	123,658	4.0
2002	886,234 (e)	27,936	31,522 (e)	123,387	3.9
2003	893,358 (e)	29,002	32,463	122,950	3.9
2004	899,593	(f)	(f)	(f)	3.2

NOTES:

- (a) See Table 1.06, Resident Population, By Counties as of July 1, for fiscal years 1990-2004 in *The State of Hawaii Data Book 2004*.
- (b) Figures for 1995-2003 appear in *The State of Hawaii Data Book 2004*, Personal Income, Total and Per Capita, and Population by County: 1969-2003.
- (c) Enrollment figures for 1995-2003 obtained from *The State of Hawaii Data Book*, various years. Enrollment include grade kindergarten - 12, special education schools, nurseries and upgraded students in special schools. Effective 1994, data excludes UH Laboratory School, Effective 1995, excludes private schools.
- (d) Hawaii State Department of Labor and Industrial Relations, <http://www.hiwi.org/admin/uploadedPublications>.
- (e) Revised from previous CAFR.
- (f) Not available.

TABLE 14
CITY AND COUNTY OF HONOLULU
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
FISCAL YEARS 1996 - 2005
(Unaudited)

Function	Full-time Equivalent Employees as of June 30									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General government										
Administration	418	412	412	338 (a)	358	376	530	517	480	523
Finance	530	518	500	576 (a)	541	531	403	415	403	416
Legal	322	330	327	323	314	313	323	315	316	321
Planning & Permitting	108	113	108	255 (a)	250	243	236	238	225	234
Design & Construction	277	264	256	247 (a)	223	227	238	223	217	203
Public Safety										
Police	2,220	2,301	2,431	2,402	2,474	2,494	2,490	2,466	2,507	2,490
Fire	972	999	992	1,031	1,015	1,084	1,090	1,084	1,077	1,061
Emergency Medical Services	101	96	83	128 (a)	140	135	117	126	173	127
Highways and Streets	779	772	748	655 (a)	658	615	639	625	624	614
Sanitation										
Solid Waste	463	439	419	398	374	369	332	324	333	333
Sewer	713	731	733	613	594	573	565	536	512	498
Health and Human Resources	264	331	343	368	381	368	421	387	390	411
Culture and Recreation	1,009	1,011	1,010	880 (a)	861	927	968	959	911	871
Urban Redevelopment										
and Housing	91	42	48	-- (a)	--	--	--	--	--	--
Total	8,267	8,359	8,410	8,214	8,183	8,255	8,352	8,215	8,168	8,102

NOTES:

Source: City and County of Honolulu, Department of Human Resources.

(a) In fiscal year 1999 various departments were reorganized to better segregate functional responsibilities. The years prior to 1999 were restated to conform to the current functional responsibilities.

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

TABLE 15
CITY AND COUNTY OF HONOLULU
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 1996 - 2005
(Unaudited)

Function	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Public Safety										
Police										
Part I number of arrests (a)	8,864	8,822	8,100	6,629	6,319	6,332	6,426	5,401	4,649	3,554
Part II number of arrests (a)	38,172	40,933	35,133	34,778	37,807	34,101	35,868	31,120	33,350	26,095
Parking violations	(b)	NA	NA	NA	NA	77,444	84,023	92,113	92,063	106,161
Traffic violations	(c)	NA	NA	NA	NA	170,068	167,389	158,068	167,850	179,015
Fire										
Fire department responses	(b)	16,737	17,906	8,351	8,320	10,210	10,627	10,468	10,766	13,900
Emergency medical responses	(b)	NA	NA	12,318	13,567	16,655	18,997	19,549	22,178	20,268
Inspections	(b)	NA	NA	3,622	184,474	234,934	234,175	175,744 (d)	218,083	213,538
Emergency Medical Services										
Ambulance responses	(b)	41,131	42,039	44,754	47,724	51,458	55,270	60,976	67,762	66,162
Refuse Collection										
Refuse collected (tons per year)	(b)	288,057	302,078	284,007	286,491	233,288	356,946	335,622	350,298	366,288
Recyclables collected (tons per year)	(b)	13,514	17,030	18,206	26,400	43,108	39,869	82,721	80,624	67,713
Other Public Works										
Street resurfacing in-house (miles)	(b)	93	52	32	34	--	--	--	--	31 (e)
Street resurfacing contract (miles)	(b)	34	8	13	5	146	128	90	61	116 (e)
First aid (tons of asphalt)	(b)	3,245	6,805	11,076	8,652	4,034	2,387	1,829	9,354	13,785 (e)
Potholes repaired	(b)	23,500	37,400	37,500	34,815	29,293	38,432	40,195	68,872	47,660 (e)
Parks and Recreation										
Park facility permits issued	(b)	19,800	18,948	16,929 (f)	16,884 (f)	16,375 (f)	12,045 (f)	21,550	24,114	36,124
Other Enterprise										
Rounds of golf	(b)	649,592	685,188	747,379	699,070	663,710	619,300	611,979	560,921	530,606
Zoo attendance	(b)	661,704	623,331	631,988	597,695	573,120	521,870	495,184	499,767	513,931
Water										
New connections	(b)	2,261	1,005	1,227	1,233	1,521	1,857	2,766	2,182	2,269
Water main breaks	(b)	417	408	370	392	411	392	338	399	388
Average daily consumption (millions of gallons)	(b)	151	146	151	151	155	154	159	150	148
Peak daily consumption (millions of gallons)	(b)	178	180	175	174	177	182	185	182	184
Wastewater										
Average daily sewage treatment (millions of gallons)	(b)	114	123	113	112	111	115	111	112	112
Transit										
Total bus directional route miles	(b)	865	867	864	875	907	914	912	915	819
Total bus revenue miles	(b)	15,971,874	16,204,111	16,430,718	16,454,929	18,568,681	18,674,279	18,331,577	16,530,804 (h)	18,388,911
Bus passengers	(b)	68,923,459	68,634,884	71,822,553	66,236,147	70,384,025	73,524,474	69,100,627	61,297,980 (h)	67,406,627
Total paratransit revenue miles	(b)	N/A	974,454 (g)	3,955,029	4,043,744	4,247,101	4,232,569	4,252,570	4,171,202	4,035,752
Paratransit passengers	(b)	N/A	164,678 (g)	619,958	655,422	702,921	710,957	730,651	731,083	733,777

NOTES:

- (a) The crime rate has declined due to increased police and community efforts to deter crime.
- (b) Source: City and County of Honolulu, Individual Departments.
- (c) Source: State of Hawaii, District Court Administrator.
- (d) Incomplete reporting from operations (company inspections) decreased the count in the fiscal year ended June 30, 2003.
- (e) The increase in street resurfacing and first aid reduced the number of pothole repairs.
- (f) Camping permits only.
- (g) A private for-profit contractor operated the paratransit system through March 31, 1997.
- (h) The bus system experienced a 34 day strike during fiscal year 2004 that had minimal impact on paratransit operations.

NA: Not Available

TABLE 16
CITY AND COUNTY OF HONOLULU
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 1996 - 2005
(Unaudited)

Function	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Public Safety										
Police										
Stations (a)	8	8	8	8	9	9	9	9	9	9
Patrol units - City owned	257	257	298	318	360	314	324	295	288	288
Patrol units - privately owned	NA	NA	NA	NA	NA	1,265	1,278	1,295	1,332	1,325
Fire stations (b)	41	41	41	42	42	44	44	44	44	44
Emergency medical services stations	16	16	16	16	16	18	19	19	19	20
Refuse collection trucks	153	170	178	190	192	175	187	197	205	186 (e)
Other Public Works										
Streets (paved mile)	1,333	1,348	1,361	1,366	1,368	1,370	1,374	1,386	1,389	1,391
Streetlights	42,423	43,081	43,287	43,478	43,584	43,844	44,093	45,285	45,922	45,937
Traffic signal intersections (c)	NA	NA	NA	700	750	750	750	760	760	772
Storm sewers (miles)	607	668	676	676	678	680	684	696	699	701
Parks and Recreation										
Parks and recreational areas	193	220	206	265	283	288	288	288	285	293
Beach access/right of ways	61	61	62	62	74	90	87	87	87	87
Botanical gardens	5	5	5	5	5	5	5	5	5	5
Recreation buildings	86	74	87	87	90	90	91	91	93	93
Gymnasiums	24	24	24	24	24	24	24	25	26	24
Swimming pools	17	18	18	18	18	18	19	20	20	20
Baseball/softball fields	224	210	191	191	191	191	195	200	194	194
Basketball courts	217	221	222	222	222	222	222	222	220	220
Tennis courts	197	183	179	179	179	179	179	179	179	179
Volleyball courts	200	201	173	173	173	173	173	170	169	169
Soccer fields	--	--	--	--	--	19	81	81	80	80
Traffic related landscaped areas	86	84	NA	NA	86	86	94	86	86	86
Other Enterprise										
Golf courses	6	6	6	6	6	6	6	6	6	6
Zoological parks	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	1,857	1,873	1,885	1,911	1,925	1,944	1,960	1,977	1,987	2,037
Fire hydrants	17,906	18,228	18,414	18,554	18,858	19,043	19,179	19,526	19,711	19,832
Storage capacity (millions of gallons)	174	169	166	174	174	177	178	182	182	182
Wastewater										
Sanitary sewers (miles)	1,893	1,893	1,900	1,900	2,310	2,541	2,541	2,304	2,205	2,191
Treatment capacity (millions of gallons)	151	151	151	151	151	151	151	151	151	151
Transit										
Buses	523	524	525	525	525	529	525	525	536	525
Paratransit vehicles	NA	89 (d)	99	103	110	110	124	154 (f)	121	123

SOURCE: City and County of Honolulu, various agencies.

NOTES:

(a) Includes stations and substations.

(b) Includes one fireboat and one aircraft station.

(c) Includes State traffic signals on Oahu that the City maintains.

(d) A private for profit contractor operated the paratransit system through March 31, 1997.

(e) In fiscal year 2005, management decided to eliminate old trucks requiring excessive manpower and money to maintain.

(f) At fiscal year end unserviceable vehicles were awaiting disposal.

NA: Not Available

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